Financial Report 2013

CENIT KEY DATA 2009 – 2013

in million EUR	2013	2012	2011	2010	2009
Total revenue	118.92	118.85	107.84	93.17	86.49
EBITDA	10.63	11.04	8.74	5.74	5.29
EBIT	8.33	8.02	6.26	3.97	3.89
Net income	5.88	5.42	4.35	3.01	2.72
Earnings per share in EUR	0.70	0.65	0.52	0.36	0.33
Dividend per share in EUR	Proposal: 0.35	0.55	0.30	0.15	0.30
Equity ratio in %	59.5	58.7	57.0	58.0	64.0
Number of employees	671	675	657	634	695
Number of shares	**8,367,758**				

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Ladies and Gentlemen,

Guided by the objectives of the CENIT Strategy Program 2018, CENIT continued on its path of steady and sustainable growth during the 2013 business year. In viewing overall results, the Group looks back on a successful year 2013 – a year that laid the groundwork for future earnings growth in a number of segments.

With total sales of TEUR 118,921, CENIT achieved solid results. The operative result (EBIT) for 2013 reached TEUR 8,331, representing an on-year increase. We are especially pleased with sales development in the proprietary software field, which saw growth of approx. 4% to TEUR 12,791. In the years to come, it will again be one of most important goals of our enterprise to expand sales of our own software. CENIT was also able to post a plus in sales of non-proprietary software: Here sales figures rose by approx. 2% on-year.

In looking at the two strategic pillars of the enterprise – the Enterprise Information Management (EIM) and Product Lifecycle Management (PLM) segments – we see a sales increase in the PLM field and a slight sales decrease in our EIM business. This can be attributed chiefly to a strategic reorientation of the EIM segment: During the second half of the year, this division was restructured to enhance future profitability.

In 2013, our activities in the fields of innovation and progress were similarly forward-looking: By dedicating well-targeted investments to expanding the scope of our proprietary software, CENIT wants to demonstrate its technological prowess on the market, boost its competitiveness, and simultaneously expand its position in relation to its competitors in the coming years. These activities are guided by CENIT's clearly stated goal of providing individual, customized solutions that contribute to our clients' success. For this reason we again plan a slight in increase in investment expenditures is for the 2014 business year. These will largely support software development in CENIT's Digital Factory Solutions (DFS), SAP and System Monitoring Solutions fields, helping us bring high-performing, innovative software solutions to the market in 2014.

Performance aspects also determined the activities of the international subsidiaries of CENIT Group: With around 18% of total sales, they already form an important pillar of our earnings model today. The development of the youngest CENIT company – CENIT Japan K.K., founded in 2011 – deserves special mention: It significantly boosted its sales performance from TEUR 529 in 2012 to TEUR 913 in 2013.

Developments at CENIT's subsidiaries remained stable and progressed according to plan across the board, i.e. with respect both to our activities in Europe outside Germany as well as in the US and Japan – validating the course we have taken in internationalizing our enterprise. With a view to CENIT's target-setting for 2018, we plan to continue on this path and further expand our international presence.

Far above and beyond technological considerations, it is important to us to present CENIT as a highly attractive employer. We actively promote this goal by way of targeted personnel management, a wide range of staff benefits, as well as further fringe benefits such as health days. To rise to future challenges, we are making targeted investments into staff training and career self-improvement. In 2013, we further expanded the scope of the CENIT Campus, a professional training program for

CENIT staff. This lets us enhance the qualification of our employees by providing training support in line with both professional and non-technical interests.

The Management Board and the executive staff of CENIT consider it their duty to drive the development of the enterprise forward responsibly and successfully. For this reason, promoting the training of young professionals has been an integral component of our enterprise policy for many years. At the end of 2013, CENIT AG Germany was involved in training 50 young apprentice and student talents in a variety of technical fields – the largest number in enterprise history.

Taking responsibility – both within our enterprise and in our dealings with the outside world – has been an important aspect of the CENIT enterprise culture from the outset. Social and public responsibility are therefore extremely important to the Management Board, our executive personnel, and our members of staff. As a contribution to sustainably expanding our long-standing commitment to social welfare, CENIT launched the “CENIT Cares” initiative in November of 2013. Within the ambit of this initiative, CENIT supports social projects financially and/or with on-the-ground assistance. We are proud – as an enterprise and as a team – to offer help where it is needed.

We have set ourselves a range of demanding targets for the years to come. This involves economic success and organic growth, as well as stronger partnerships and an expanded market presence. In driving our proprietary software and our technical expertise forward, we intend to set further milestones in 2014 and plan to increase our sales by 5%. We will succeed in all these endeavors if we continue to present ourselves as a strong, partnership-based team. The positive developments we have realized to date were only possible thanks to the contribution of our motivated and competent colleagues. We highly appreciate their commitment and wish to express our heartfelt gratitude. We thank our customers and partners for their loyalty and close collaboration. Not least, our sincere thanks go to our shareholders for the trust they have shown in our work. We look forward to continuing along CENIT’s success path together and look to the future with strength and confidence!

Yours sincerely,
The Management Board, CENIT AG

Kurt Bengel
Spokesman of the Board

Matthias Schmidt
Member of the Board

Report of the Supervisory Board

Report of the Supervisory Board

Dear shareholders,

The present Report provides information on the activities of the Supervisory Board in accordance with § 171 Para. 2 AktG [Stock Corporation Act] during the 2013 business year. During this year, the Supervisory Board performed the duties to which it is bound by law and the Articles of Association. We supervised the administration of the Corporation and advised the Management Board in its management of the enterprise. The Supervisory Board was involved in all decisions of fundamental significance to the enterprise that require the participation of the Supervisory Board. Within the scope of our supervisory and consulting duties, we received regular, prompt and comprehensive reports from the Management Board, both written and oral. The Management Board informed us as to the course of business as well as the economic and financial development of CENIT. Further focal points of reporting were the risk situation and risk management, compliance topics, as well as fundamental matters of enterprise strategy.

In addition, we addressed the plans of the Management Board for the 2014 business year and our medium-term orientation, as well as deviations of the actual course of business from business planning. During inter-sessional periods, the Management Board additionally informed the Supervisory Board by way of monthly reports on key business indicators and duly presented matters requiring Supervisory Board approval for decision-making. The reports by the Management Board on the progress of business and its presentations on special topics were supplemented by written presentations and documents duly made available to each Supervisory Board member for preparation before the respective session.

During the previous year, the Supervisory Board met in five ordinary sessions to address in detail the economic situation, the continued strategic development and the long-term positioning of CENIT Group. All members of the Supervisory Board were in attendance at each of these meetings. By its own estimation, the Supervisory Board is composed of a sufficient number of members, none of whom maintain business or personal relations with the enterprise or members of the Management Board as could constitute a conflict of interests. In Mr. Hubert Leypoldt, we have an independent financial expert on the Supervisory Board. As during the previous year, the Supervisory Board did not consider it necessary to create committees, in view of the small number of Supervisory Board members. Conflicts of interest on the part of Supervisory Board members did not arise during the reporting period.

Range of topics in supervisory board meetings

In all meetings held by the Supervisory Board during the 2013 reporting period, the Management Board provided information on the development of sales and results at CENIT Group. The Management Board further illustrated the course of business in the individual business segments and reported on the asset, financial and revenue situation. In this context, we directed a particular focus at the potential consequences for the risk and liquidity situation.

Financial reports / Auditing

In its Annual Report Session of April 2, 2013, attended by the Auditor of Annual Accounts/Auditor of Consolidated Annual Accounts, the Supervisory Board considered the Annual Reports of CENIT AG. The Annual Report of CENIT AG and the Consolidated Annual Report for the 2012 business year, as prepared by the Management Board, were audited by BDO AG Wirtschaftsprüfungsgesellschaft, Stuttgart, who were selected as Annual Auditors at the ordinary General Meeting of Shareholders on June 6, 2012. The accounting department assisted in the audit, which also referred to the Status Report and Consolidated Status Report. In detailed discussions with the Management Board and the auditors, the Supervisory Board reviewed the results of the submitted Annual Report and Consolidated Annual Report, as well as discussing the AG and Consolidated Situation Report and the underlying balance-sheet strategy. In addition, the Supervisory Board reviewed the results of the annual audit based on the auditors' reports and individual discussions. The Supervisory Board is satisfied that the audit and the auditors' reports fulfill the requirements of §§ 317, 321 HGB [Commercial Code]. The Annual Statements for 2012, prepared by the Management Board and issued with unqualified approval by the auditors, were discussed conclusively at the Accounts Session of the Supervisory Board. The Annual Report of CENIT AG was adopted by the Supervisory Board on April 2, 2013; the 2012 Consolidated Annual Report was noted with approval. Upon review, the Supervisory Board concurred with the proposal of the Management Board regarding the appropriation of accumulated profits.

At the session of April 2, 2013, we also directed special attention to the business situation during the first Quarter of 2013 and the medium-term strategy and planning of CENIT Group. Based on a detailed presentation by the Management Board, we addressed the strategic orientation of CENIT AG and its various business segments. A portion of this session was also devoted to preparations for the General Meeting of Shareholders on March 31, 2013.

Further topics in the meetings and telephone conferences

Throughout the course of the year, the Supervisory Board was continually kept abreast of incoming financial results. The 2013 semi-annual Report and the interim quarterly Reports were discussed in detail with the Management Board. The discussions focused particularly on an in-depth review of results and sales projections for 2013, as well as the 5-year "CENIT 2018" plan.

Upon conclusion of the General Meeting of Shareholders on March 31, 2013, the Supervisory Board reconstituted itself, electing Mr. Andreas Schmidt as Chairman and Hubert Leypoldt as Deputy. In terms of content, the session focused on CENIT AG's course of business and on forecasts for the first half 2013. Additionally, the Management Board presented the methodology it employed in developing its 5-year plan.

During the ordinary Supervisory Board session on September 11, 2013, the Management Board elucidated the business situation during the 3rd Quarter. The session also focused on the Management Board's presentation of its 5-year plan.

The session of November 15, 2013 focused on business developments during the 4th Quarter, with particular attention on the current status of human resources. The program for management staff development, the draft mission statement, and the results of a staff survey were presented in this context. A further topic of discussion was the remuneration of the Supervisory Board, based on the latest Kienbaum study on Supervisory Board remuneration in Germany.

During the last ordinary session on December 13, 2013, the Board focused on CENIT planning for the 2014 business year. Intensive discussions were held on business perspectives for the coming years. A revised organizational structure was presented as part of the reorientation of the EIM segment. Various M&A options were also discussed.

Risk management

The Group’s risk management was an important topic discussed at several sessions. The Management Board reported on major risks and on the corporation’s risk monitoring system. Following a series of discussions with the Management Board and several meetings with the auditor, the Supervisory Board was satisfied of the effectiveness of the deployed risk management systems.

Corporate Governance

On an ongoing basis, the Supervisory Board discussed individual aspects of corporate governance within CENIT Group, such as the amendments to the German Corporate Governance Code adopted by the Government Commission. The Supervisory Board is convinced that good corporate governance is a key basis for the success, reputation and self-image of the enterprise. For this reason, the Supervisory Board has kept a close eye on the continued development of corporate governance standards and their implementation within the enterprise. Among other activities, this included regular reviews of the efficacy of the Supervisory Board’s own activities. In particular – and also in discussions with the auditors – the review assessed the consistent lawfulness of business management and the efficiency of business organization. A corporate ethic of responsible and lawful behavior at all times, and the awareness that this ethic is of fundamental significance to the enterprise, are well entrenched at CENIT and in its managing bodies. In their Corporate Governance Report, the Management and Supervisory Boards report on corporate governance at CENIT in accordance with No. 3.10 of the German Corporate Governance Code. In its session of February 16, 2013, the Supervisory Board issued its Declaration of Conformity with the German Corporate Governance Code in accordance with requirements of § 161 AktG, as amended on February 15, 2013. The Declaration has been made permanently available to shareholders on the CENIT website.

2014 blance sheet meeting for the 2013 annual and group financial statements

CENIT’s accounting, as well as the Annual Report and the Status Report for the 2013 business year, the Consolidated Annual Report incl. commentary, and the Consolidated Status Report for 2013 were audited by BDO AG Wirtschaftsprüfungs-gesellschaft, Stuttgart, who were selected as Annual Auditors and Group Annual Auditors by the General Meeting of Shareholders on May 31, 2013. In accordance with its duties, the Supervisory Board reviewed the qualification, independence and efficiency of the auditor.

The auditor has unconditionally certified the 2013 Annual Report and Consolidated Annual Report of CENIT, including the 2013 Status Report and Consolidated Status Report, as prepared by the Management Board. The Annual Report of CENIT AG was prepared in compliance with the principles of commercial law; the Consolidated Annual Report complies with the International Financial Reporting Standards (IFRS). Annual Report documentation and audit reports were submitted to all members of the Supervisory Board in full and on time. The Supervisory Board has discussed the submitted reports and the auditor’s reports in detail with the Management Board and the auditor so as to be satisfied of their correctness; the Supervisory Board is further satisfied that the 2013 audit reports fulfill all statutory requirements.

In addition, detailed reports by the Management Board and excerpts from CENIT documents, particularly accounting documentation, were provided to the Supervisory Board in advance of its sessions. On the basis of these, as well as further information requested by the Supervisory Board during and between sessions, the Supervisory Board was able to exercise its supervisory duties properly and promptly.

In the balance sheet session of March 27, 2013, the auditor reported on the key results of the audit of the individual Annual Report of CENIT AG in Germany and was available to furnish further information and respond to queries. All Supervisory Board members were thus able to satisfy themselves that the audit conformed to statutory requirements and was properly conducted.

As a concluding result of its own audit pursuant to § 171 AktG, the Supervisory Board determined that no objections were to be raised.

In its session of March 27, 2014, the Supervisory Board endorsed the Annual Report presented by the Management Board of CENIT AG for the 2013 business year and thereby issued its approval in accordance with § 172 AktG. Also on March 27, 2014, the Supervisory Board approved the Consolidated Annual Report for the 2013 business year.

Following review, the Supervisory Board approved the Management Board’s proposal for the appropriation of the balance sheet profit.

The Supervisory Board thanks the Management Board and all CENIT employees for their work during the past year. We owe the good conclusion to the business year to their high level of commitment.

Stuttgart, March 2014
For the Supervisory Board

A. Schmidt

Dipl.-Ing. Andreas Schmidt
Supervisory Board Chairman

Management Report

Combined Management Report of the company and the group for the fiscal year from 1 January 2013 TO 31 December 2013

The CENIT Group is managed globally by the parent company CENIT AG as an operating company. The Group's economic situation is shaped by the economic situation of the parent, CENIT AG. For this reason, the management board of CENIT AG combines the management report of the Group and of CENIT AG together in one report.

Corporate information

Business model of CENIT

CENIT has two business divisions - Product Lifecycle Management (PLM) and Enterprise Information Management (EIM).

It is the specialist for the core processes of its customers and it focuses on the manufacturing industry and the financial services industry. The consultancy, service and software offering of the CENIT Group is based on standard products by its software partners as well as CENIT's own solutions based on those standard products. Leading software providers such as Dassault Systèmes, IBM and SAP are partners to the Company. The employees in the CENIT Group have a deep understanding of the processes and technologies in the target industries and thus provide the customers with tailored industry support in the planning, implementation and optimisation of their business and IT processes.

To allow the customers to concentrate on their core competences, the CENIT Group also manages the applications and the related IT infrastructures.

CENIT's strategy is geared to sustainable profitable growth. For this reason, we focus just as much on our employees and technology partnerships with our partners as on our efforts to give our customers a competitive edge with our solutions.

Equity investments/subsidiaries

CENIT is headquartered in Germany (Stuttgart) and represented in the principal industrial centres there. In addition, the US market is served by a subsidiary located near Detroit. CENIT has further locations in Switzerland, Romania and Japan. The French CENIT subsidiary based in Toulouse supports the leading aerospace company Airbus SAS directly on site. The domestic and foreign companies included in the consolidated financial statements are consolidated in accordance with the uniform accounting and valuation methods in the CENIT Group. The companies use the same accounting and valuation methods as CENIT AG in Germany. The subsidiaries specialise in services and software. In addition, CENIT AG holds one third of the joint venture CenProCS AIRliance GmbH. The joint venture provides services and consulting for the common major customer EADS.

Control system

The management board of CENIT AG is responsible for the overall planning and the realisation of the long-term objectives of the Group. The uppermost goal of corporate development is to raise the business value on a long-term basis by means of profitable growth. The planning required to control the operational units as well as the resulting measures are derived from the long-term corporate planning, taking into account the developments in the competitive and market environment.

The relevant key performance indicators for the economic objectives are revenue, gross margin, costs as well as earnings before interest and taxes (EBIT). An individualised system of profit participation is in place to motivate employees to be committed to meeting the agreed targets. On an annual basis, the management board defines measures and measurable milestones for CENIT to use to reach its long-term objectives. Short-term control takes the form of a variance analysis with the annual plan. As part of this planning process, the persons responsible make an initial assessment of the development of major income statement items such as revenue, profit contribution, selling and administrative costs, EBIT as well as of the employment situation.

The fiscal year is planned by the business units and the management board by means of a separate bottom-up and top-down planning process. At joint planning rounds, these assessments are tested for plausibility, supported and finally presented by the management board to the supervisory board for approval. As part of this planning process, the ongoing five-year plan is also examined and rolled forward.

To assess the business development at regular intervals – variance analysis – the Group provides the operating units with detailed reports in order to allow the best possible business control. The management board analyses variance analyses every month together with each operating unit in order to initiate necessary adjustment measures on a timely basis.

However, many financial ratios that are critical to success are not quantifiable or can only be quantified indirectly. These include factors such as the reputation of the brand, customer satisfaction, employee qualifications, experience and motivation as well as their leadership qualities, and also the corporate culture. All of these factors can only be described in qualitative terms at best. To do this, CENIT uses tools such as customer surveys and the annual employee survey in order to counter adverse developments.

Research and development

One of our goals is to continue to strengthen our innovative power. For this reason, CENIT raised its R&D expenses to EUR 6,780 k in the fiscal year 2013. The business units of CENIT focus their R&D efforts on the next generation of their products and solutions and prepare for their successful market launch. The close cooperation with the product and client-facing areas allows us to offer customised solutions. In addition to selling standard software, the CENIT Group develops its own programs to supplement and extend these solutions. The Group’s software solutions are based on products from Dassault Systèmes, such as the PLM software CATIA, ENOVIA or DELMIA, or on IT solutions from IBM and SAP. Our software expertise and decades of industry experience allow us to optimise the productivity and data quality of our customers with our own CENIT solutions. The CENIT Group offers more than 20 of its own solutions in total in its business divisions.

Innovation is progress. Consequently, research and development are of central importance for the further achievement of the Group's objectives. CENIT's activities in this area are constantly being expanded. At the same time, CENIT thus enhances its position in relation to its competitors. A marginal rise in innovation costs is planned once again in the fiscal year 2014.

Report on economic position

Overall economic conditions

Germany

As in 2011 and 2012, the European debt crisis once again had a palpable negative effect on production in the overall economy in Germany at the beginning of 2013. The economic situation improved in the summer half-year, however, with the factors domestic demand, positive income prospects, favourable financing conditions and the expectation of new impetus from abroad fuelling this recovery. After almost two years of no growth, consumption and investments in equipment were on the increase. The primary growth engine was driven by consumers, with consumer spending up 0.9%. Companies also contributed to the growth, spending 0.5% more on machines, devices and vehicles. According to the Statistisches Bundesamt (Federal Statistical Office), however, gross domestic product only managed an increase of 0.4% in 2013 compared with a 0.7% rise in 2012.

Despite the modest rate of economic recovery, employment figures reached record highs again in the past year. According to figures from the Statistisches Bundesamt, 41.8 million people in Germany were employed on average in 2013, more than ever before. The average hours worked also increased thanks to less programmes for reduced working hours and to numerous hours of overtime worked. By contrast, the pace of job creation slowed somewhat. 232,000 new jobs were created, constituting a rise of 0.6%. In the two years previous, the number of persons employed had risen by more than 1% in each case. The unemployment rate climbed slightly from 6.8% to 6.9% in a year-on-year comparison.

Economic experts are predicting growth of between 1.7% and 2.0% for 2014 compared with 2013. One of the factors giving cause for optimism was the recent rise in the ifo business climate index. The ifo Institute attributes the impetus for the rise in gross domestic product less to foreign trade and more to the strong level of domestic demand and the sharp rise in investments in construction (which has already risen by 2.4% in 2013) thanks to low interest rates. Record employment levels, increasing wages and low inflation are expected to boost consumption further.

Nevertheless there are risk factors that must be considered. Deutsche Bundesbank takes a critical view of some of the measures put forward by the coalition agreement, for example the minimum wage, which could harm the efficiency of the labour and goods markets. The foreign trade environment remains challenging. While the effects of the debt crisis in the euro zone are said to have softened and important reforms have been introduced, the high debt levels and the ongoing structural problems contribute to the susceptibility of the European and the global economies to crisis.

Europe

The economy in the euro zone continues to be in an extremely fragile state. Although the euro zone managed in the summer half-year to exit the recession that had lasted more than a year, chiefly thanks to the relaxing of financing policy, the situation remains vulnerable and susceptible to crisis.

GDP dropped by 0.4% in the euro zone. Experts expect a rise again in 2014 which is forecast to be between 0.7% and 1.0%.

The prerequisite for the accuracy of the forecasts is that there can be no new escalation of the euro crisis. Another potential obstacle to this forecast being met is the lack of competitiveness of the countries in crisis. As long as this competitiveness is not restored, some countries will struggle to bear the cost of the foreign debt, which in some cases is immense.

USA

The most recent economic developments in the USA give cause for optimism for the year 2014. For example, GDP rose by 1.8% in 2013. Rating agency Standard & Poor's adjusted its outlook for percentage growth in 2014 upward from 2.6% to 2.8%.

Disagreements about the budget were resolved and the exiting Federal Reserve boss Bernanke announced plans to reduce the purchase of government bonds and mortgage securities amounting to 85 billion dollars per month up to that point to 75 billion dollars from January. These developments allowed the world's largest national economy to shine, particularly in the last quarter of 2013, with rising retail sales and a drop in the unemployment rate from 7.8% in 2012 to 7.4%.

Japan

Alongside the USA, Japan is likely to be one of the global economic powerhouses in 2014. With GDP having risen by 1.8% in 2013, experts are predicting similar or slightly higher economic growth again in 2014. The Japanese government is endeavouring to lend added stimulus to the economy with a package of measures for growth. Among other things, the country's treasury has been flooding the economy with interest-free cash since April 2013 in a bid to move Japan out of its long period of deflation. The strategy is part of the economic policy of government chief Shinzo Abe and has become popularly known as "Abenomics". Further stimulus packages aim to counter the negative effect on consumption expected after the three-percent VAT increase to 8% in April 2014.

Economic conditions in the industry

Contrary to the forecasts, which were still anticipating growth of 1.6% at the beginning of the past year, sales with products and services in IT, telecommunications and consumer electronics remained unchanged in Germany at EUR 152 billion this year according to the industry association BITKOM. The association expects growth of 1.6% to EUR 154.4 billion in Germany in 2014 in line with the German economy as a whole.

Significant growth in 2013 was recorded in particular by the business with software (up 4.9%) and services (up 2.4%), and BITKOM also expects these to be the main drivers in the IT sector again in 2014. The market for IT hardware experienced a weaker development (down 1.1%). While business with desktop PCs and laptops is in sharp decline, the sales boom with tablets is on the increase. Sales of the latter jumped by 48% last year.

According to BITKOM, the global ITC market expanded by 3.8% in 2013 to the record figure of EUR 2.84 trillion, outpacing the overall economy. Like in Germany, it was the business with software (up 5.5%) and IT services (up 3.4%) that experienced the strongest growth. “Particularly in the emerging economies, digitalisation is a major driver of growth and jobs”, confirmed BITKOM CEO Dr. Bernhard Rohleder.

The European Information Technology Observatory (EITO) sees the fastest growth in the BRIC states in an international comparison. For example, its figures point toward ITC market growth of 11% in India, followed by 9.1% in Brazil, which is just ahead of China at 8.7%. Russia (up 4.6%) and the USA (up 4.8%) experienced similar levels of growth.

The trending topics in 2014 will continue to be big data, mobility, collaboration, data centre transformation and cloud computing. Alongside measures to modernise infrastructure, the top ten technology trends include the use of mobile devices such as smartphones and tablets. For 55% of all companies, the integration of mobile solutions in work processes is rated high or very high priority.

The biggest challenge facing the industry continues to be the lack of skilled staff. The current shortage of 43,000 IT specialists in Germany is becoming a lasting obstacle to growth. The industry and the associations need to take the right measures to protect Germany’s status as an IT location.

Summary of business development

2013 was a good year for CENIT in spite of the fact that it was not possible to grow sales by the targeted 3%. In the EIM segment revenues declined in 2013 by -3% due to the focus on increasing profitability so that not all the possibilities on the market to achieve the sales target, have been used. Thanks to these measures, EBIT climbed by EUR 607 k (up 149% on the prior year) to EUR 1,014 k.

CENIT's proprietary software sales increased in 2013 by 4% and contributed to improve earnings per share by 7.7% to EUR 0.70 per share.

The subsidiary CENIT Japan, which was founded in 2011 has reached the profit zone in the last financial year and is therefore exactly in line with forecasts.

Results of operations of the CENIT group (in accordance with IFRS)

Breakdown of sales by product / income type

in EUR k	2013	2012
CENIT consulting and service	55,631	56,697
CENIT software	12,791	12,311
Third-party software	50,248	49,194
Merchandise	251	652
Total	**118,921**	**118,854**

Breakdown of sales by business segment

in EUR k	2013	2012
EIM sales	28,135	29,068
PLM sales	90,786	89,786
Total	**118,921**	**118,854**

82.2% (prior year: 81.6%) of sales was generated in Germany, 9.0% (prior year: 10.5%) in other EU countries and 8.8% (prior year: 7.9%) in other countries.

In the fiscal year 2013, the CENIT Group recorded revenue of EUR 118,921 k (prior year: EUR 118,854 k), which thus grew by 0.1%. Revenue from CENIT consulting and services dropped by 1.9%. By contrast, sales with third-party software rose by approximately 2.1%. Sales with CENIT's own software were raised from EUR 12,311 k to EUR 12,791 k (3.9%). It was chiefly the software products FASTSUITE and CENITCONNECT in the area of PLM and IBM FileNet System Monitor as well as ECLISO in the area of EIM that were sold successfully to the end customers.

KPI's relating to the development of earnings

in EUR k	2013	2012
Gross profit	73,242	73,579
EBITDA	10,635	11,044
EBIT	8,331	8,017
Total financial result	49	94
Net income for the year	5,879	5,419

Gross profit (operating performance less cost of materials) totalled EUR 73,242 k (prior year: EUR 73,579 k), thus down slightly by 0.5%. The gross profit margin also fell slightly from 61.5% to 61.0%. Personnel expenses increased marginally by EUR 272 k or 0.6% in the fiscal year compared to the prior year. Performance-related pay dropped to EUR 3,256 k (prior year: EUR 3,649 k). CENIT achieved EBITDA of EUR 10,635 k (prior year: EUR 11,044 k / down 3.7%) and EBIT of EUR 8,331 k (prior year: EUR 8,017 k / up 3.9%). As a percentage of operating performance, the EBITDA margin slipped from 9.2% to 8.9%.

in EUR/share	2013	2012
EPS	0.70	0.65

Earnings per share (EPS) were up by 7.7% in a year-on-year comparison from EUR 0.65/share to EUR 0.70/share.

CENIT (Schweiz) AG, Effretikon, Switzerland

The subsidiary generated revenue of EUR 10,145 k in the past fiscal year (prior year: EUR 10,620 k) and EBIT of EUR 857 k (prior year: EUR 984 k). The business activities in Switzerland focus on PLM solutions from Dassault Systèmes and EIM solutions from IBM. The 18 employees in total from the branches in Effretikon and Yverdon-les-Bains mainly support customers from the manufacturing industry and the financial services industry. CENIT (Schweiz) AG is a wholly owned subsidiary of CENIT AG.

CENIT North America Inc., Auburn Hills, USA

CENIT North America Inc. generated sales of EUR 9,053 k (prior year: EUR 9,203 k) and EBIT of EUR 685 k (prior year: EUR 938 k). In the USA, the focus is on marketing CENIT software products in the area of PLM. The company's attention centres on customers in the aerospace industry and the manufacturing industry. 35 employees work in service and sales units.

CENIT SRL, Iasi, Romania

CENIT SRL generated sales of EUR 1,780 k (prior year: EUR 1,401 k) and EBIT of EUR 296 k (prior year: EUR 106 k). It has 35 employees and primarily provides services and is stepping up software developments. CENIT SRL's business activities also focus on marketing software of the strategic partner Dassault Systèmes in the PLM environment.

CENIT France SARL, Toulouse, France

CENIT France SARL generated sales of EUR 1,082 k (prior year: EUR 907 k) and EBIT of EUR 53 k (prior year: EUR 133 k). The 13 employees chiefly provide support to the customer EADS Airbus in Toulouse in relation to project consulting and tenders.

CENIT JAPAN K. K., Tokyo / Japan

CENIT Japan K. K., founded in 2011, generated sales of EUR 913 k (prior year: EUR 529 k) and EBIT of EUR 31 k (prior year: EUR -108 k). CENIT has already been successfully selling its own software and consultancy products in Japan via local partners for some years now. By having its own CENIT location, which currently employs 4 people on site, the Group wants to emphasise the importance of the market going forward. The focus of CENIT Japan K.K. relates to the offline programming of robots.

CenProCS AIRliance GmbH, Stuttgart, Germany

The joint venture between CS Communication & Systèmes, CENIT AG and PROSTEP AG was founded in 2007 and allows the major customer EADS access to proven know-how and expert knowledge via just one contractual partner. CENIT AG holds a one-third share in the joint venture. It is reported at equity in the consolidated financial statements. CenProCS AIRliance GmbH publishes its own annual financial statements.

Development of orders

Order intake in the CENIT Group amounted to EUR 111,824 k in the past fiscal year 2013 (prior year: EUR 116,510 k). The order backlog as of 31 December 2013 amounted to EUR 36,868 k (prior year: EUR 43,593 k).

Results of operations in CENIT'S separate financial statements (in accordance with HGB)

Breakdown of sales by product / income type

in EUR k	2013	2012
CENIT consulting and service	49,085	53,297
CENIT software	11,172	10,822
Third-party software	41,346	39,929
Merchandise	251	645
Total	**101,854**	**104,693**

Breakdown of sales by business segment

in EUR k	2013	2012
EIM	24,616	27,368
PLM	77,238	77,325
Total	**101,854**	**104,693**

CENIT AG generated revenue of EUR 101,854 k in the fiscal year 2013 (prior year: EUR 104,693 k). The strongest sales driver, consulting and service, experienced a year-on-year decline of 7.9%. The share of sales with third-party software amounted to EUR 41,346 k (prior year: EUR 39,929 k), while sales of CENIT's own software climbed to EUR 11,172 k (prior year: EUR 10,822 k).

KPI's relating to the development of earnings at CENIT AG

in EUR k	2013	2012
Gross profit	63,876	65,174
EBITDA	8,401	9,408
EBIT	7,036	7,980
Total financial result	135	1,007
Net income for the year	4,814	6,247

The Company's gross profit amounted to EUR 63,876 k (prior year: EUR 65,174 k). Gross profit margin stood at 61.2% (prior year: 62.2%).

CENIT AG achieved EBITDA of EUR 8,401 k after a figure of EUR 9,408 k in 2012 (down 10.7%). The EBITDA margin thus slipped marginally, from 8.9% in the prior year to 8.2%. EBIT stood at EUR 7,036 k compared to EUR 7,980 k in the prior year (down 11.8%). Amortisation of intangible assets and depreciation of property, plant and equipment dropped by EUR 63 k to EUR 1,365 k.

In a year-on-year comparison, personnel expenses fell by EUR 209 k (down 0.5%). The average headcount is virtually unchanged.

The financial result contains distributions of the subsidiary in Romania amounting to EUR 76 k in total (prior year: EUR 100 k). Compared with that, CENIT NA has distributed EUR 775 k to CENIT AG in the prior year.

Development of orders

Order intake at CENIT AG amounted to EUR 94,772 k in the past fiscal year 2013 (prior year: EUR 99,581 k). As of 31 December 2013, the order backlog at CENIT AG amounted to EUR 31,980 k (prior year: EUR 39,021 k).

Financial position of the CENIT group (IFRS)

There are no liabilities of any kind to banks, either short-term or long-term. Credit lines of EUR 2,493 k granted are currently not being utilised. The amount of cash and cash equivalents that is temporarily not required to finance operations is invested on a short-term and sometimes also on a medium-term basis with an adequate risk/return ratio. All of the capital expenditure in non-current assets was financed without external funding in the reporting year. The strong financial position allows financing to come from company funds on a long-term basis.

KPI'S from the statement of cash flows in the group

in EUR k	2013	2012
Cash flow from operating activities	8,854	10,444
Capex (investments)	-1,219	-2,272
Free cash flow*	7,635	8,172
Free cash flow per share in EUR	0.91	0.98
Cash flow from financing activities	-4,602	-2,510
Cash and cash equivalents as of the balance sheet date	26,632	23,779

*operating cash flow less capex

The cash flow from operating activities decreased on the prior year. The net cash used for investing activities dropped from EUR 2,272 k to EUR 1,219 k. Cash and cash equivalents at the end of the reporting period thus total EUR 26,632 k, increasing by a total of EUR 2,853 k.

Securing liquidity

In additional to financial planning, CENIT carries out monthly liquidity planning. Any liquidity surplus is used in a targeted manner for the financing of projects, software developments, investments and the expansion of national companies.

Both CENIT AG and its group entities were always able to meet their payment obligations in the fiscal year 2013.

Financial position of CENIT AG (in accordance with HGB)

The liquidity as of the balance sheet date rose from EUR 19,802 k in the prior year to EUR 20,360 k in the past fiscal year. The rise in cash inflows from ordinary operations stems first and foremost from the increase in the net income for the year as well as the reduction in other assets. The dividend of EUR 0.30 per share and special dividend of EUR 0.25 per share decided at last year's shareholder meeting led to a cash outflow of EUR 4,602 k.

Proposed dividend

The management board and supervisory board will propose to the shareholder meeting on 16 May 2014 that a dividend of EUR 0.35 per share be distributed from the retained earnings of EUR 2,962 k. The Group continues to assume that the economic development will be stable in the coming months. Experience has shown that it makes sense to secure liquidity for the long term and to maintain financial independence in times of crisis. Ultimately, CENIT's strong financial position also constitutes a decisive competitive advantage in the awarding of contracts, in that it lends the necessary security to customers' investment projects, also with a view to the services and software products of the CENIT Group. The other existing cash and cash equivalents should enable CENIT to continue to participate in the growth of the target markets going forward – in the interest of the Group and its shareholders and to the extent that this appears sensible. This includes, for example, measures to expand service and software activities. Interesting acquisitions will therefore be viewed and examined on a continuous basis. But the further technological expansion in terms of new areas and software development also requires capital.

Consequently, the financial strategy remains geared to maintaining a strong credit rating in the long term that does, however, also take into account the interests of the shareholders in receiving a dividend.

Net assets of the CENIT group (in accordance with IFRS)

in EUR k	2013	2012
Non-current assets	8,736	9,681
Current assets	51,623	49,319
Total assets	**60,359**	**59,000**
Equity ratio	59.5%	58.7%
Equity	35,930	34,648
Non-current liabilities	2,259	2,343
Current liabilities	22,170	22,009
Total equity and liabilities	**60,359**	**59,000**

Non-current assets changed only minimally on the whole. The change is due to scheduled amortisation and depreciation. As of the balance sheet date, equity came to EUR 35,930 k (prior year: EUR 34,648 k). The equity ratio stands at 59.5% (prior year: 58.7%). Bank balances and cash and cash equivalents totalled EUR 26,632 k as of the balance sheet date (prior year: EUR 23,779 k). In addition to the cash and cash equivalents, the Company still has sufficient overdraft facilities amounting to EUR 2,493 k.

Both the current assets and the current liabilities are in line with business development. Cash flow from operating activities came to EUR 8,854 k (prior year: EUR 10,444 k). In 2013, the cash flow was influenced by the payment of the dividend to the shareholders amounting to EUR 4,602 k in total and by investments of EUR 1,219 k.

Net assets in CENIT’s separate financial statements (in accordance with HGB)

in EUR k	2013	2012
Fixed assets	6,131	6,344
Current assets	16,176	18,078
Cash and cash equivalents and securities	20,360	19,802
Prepaid expenses	4,761	3,880
Total assets	**47,427**	**48,104**
Equity ratio	60.5%	59.2%
Equity	28,677	28,466
Provisions	6,445	7,359
Liabilities	7,352	7,491
Deferred income	4,953	4,788
Total equity and liabilities	**47,427**	**48,104**

As of the balance sheet date, equity came to EUR 28,677 k (prior year: EUR 28,466 k). The equity ratio stands at 60.5% (prior year: 59.2%). Bank balances and cash and cash equivalents totalled EUR 20,360 k as of the balance sheet date (prior year: EUR 19,802 k). In addition to the cash and cash equivalents, the Company still has sufficient overdraft facilities amounting to EUR 2,493 k. Both the trade receivables of EUR 13,686 k (prior year: EUR 16,975 k) and the trade payables of EUR 2,919 k (prior year: EUR 3,650 k) were in line with business development.

This financial independence constitutes a future competitive advantage for CENIT AG and guarantees customers the necessary investment security.

Financial and non-financial performance indicators

Capital expenditures

Investments in property, plant and equipment generally play a lesser role at CENIT. They mainly involve investments in the furniture and fixtures of the sales branches and the administrative headquarters. Of these, most investments were replacement investments in the technical infrastructure.

In the CENIT group (IFRS)

Capital expenditure on property, plant and equipment and intangible assets amounted to EUR 1,226 k in 2013 (prior year: EUR 2,278 k). Amortisation of intangible assets and depreciation of property, plant and equipment came to EUR 2,303 k (prior year: EUR 3,027 k).

Investments break down by segment as follows:

Investments by business segment in the group

in EUR k	2013	2012
EIM	331	726
PLM	895	1,552
Total	**1,226**	**2,278**

In CENIT AG, Germany (HGB)

Capital expenditure on property, plant and equipment and intangible assets amounted to EUR 1,189 k in 2013 (prior year: EUR 2,130 k). Amortisation of intangible assets and depreciation of property, plant and equipment came to EUR 1,365 k (prior year: EUR 1,428 k).

Investments (in intangible assets and property, plant and equipment) break down by segment as follows:

in EUR k	2013	2012
EIM	329	723
PLM	860	1,407
Total	**1,189**	**2,130**

Investments were financed in full by the cash flow from operating activities.

Foreign exchange management

The high level of volatility on the foreign exchange markets and the resulting uncertainty surrounding exchange rate developments only have a minor influence on CENIT. Among others, the business activities of the CENIT Group also generate cash in US dollars (USD), Swiss francs (CHF) and Japanese yen (JPY). CENIT is thus exposed to a certain currency risk, even though only relatively small portions of the Group's income and sales are recorded in these foreign currencies. Risk management monitors and assesses the respective foreign exchange fluctuations and ensures hedging on a timely basis as needed. However, most billing is denominated in euro (EUR).

Procurement and purchasing policy

CENIT trusts its partners and suppliers and expects fair and long-term cooperation. Performance, counterperformance and risks are appropriately balanced. Partners and suppliers are expected to participate in recognising potential for reducing costs.

CENIT thus applies a purchasing policy that is precisely tailored to the specific requirements of each project.

CENIT's procurement staff members have a wealth of experience in the provision of goods and services for all customer projects. The Group works with reputable partners in procurement that are either market or industry leaders in their product area. Since procurement focuses primarily on the euro zone, foreign exchange risks are negligible. The cost of goods and purchased services amounted to EUR 46,901 k in 2013 in the CENIT Group (prior year: EUR 46,044 k) and to EUR 40,438 k (prior year: EUR 39,583 k) at CENIT AG, Germany. At EUR 4 k (prior year: EUR 88 k) in the CENIT Group as of year end, the inventory value and the amount of capital tied up as a result is kept at a low level thanks to project-based procurement.

Quality assurance

The success of the Group hinges primarily on meeting customer requirements. In the field of business process consulting, we want to win customers with high-quality and economical solutions. By carrying out operating activities for the customer or at the customer, we want to raise the efficiency of the processes assumed.

The motivation of each and every employee lies in exceeding customer objectives. To achieve this, CENIT has designed its own processes to meet these requirements. To this end, CENIT has drafted and enforced key process descriptions applicable to the entire Group. All employees are instructed to implement these processes and to constantly improve them by means of specified methodical procedures.

Continuous monitoring and improvement thus forms an important component of our quality management system. This ongoing process allows potential for improvement to be identified, evaluated and implemented.

Quality management is headed up by a member of the management board. This ensures that the management board has direct influence and control over the Group's quality management system and that any management errors can be detected and corrected immediately.

CENIT has documented quality management rules in a management manual. It takes account of the ISO 9001:2008 standard.

The management board defines the corporate policies, strategy and objectives while ensuring awareness and implementation at all levels of the Group. Furthermore, the management board defines the organisation and areas of responsibility and provides the necessary financial and human resources.

Each year, management specifies detailed targets for the next year – as well as a three-year plan as a guideline.

The annual targets are then broken down at the level of the individual employees.

Targets concerning monitoring and the continuous improvement of processes are defined in the respective process descriptions.

The management board examines regularly – but at least once a year – whether the agreed targets have been met or whether they have been missed or exceeded, and whether the process descriptions, laws and standards have been complied with.

Compliance with the requirements of ISO 9001:2008 is assessed annually, both by internal audits and by an independent external certification body.

The audit performed by DQS (Deutsche Gesellschaft zur Zertifizierung von Managementsystemen), the German company for the assessment and certification of management systems, in 2013 did not reveal any deviations from the requirements of the standard. The certificate is maintained and remains valid.

Information safety

To ensure compliance with legal, official and contractual requirements and to safeguard the protection of customer information and CENIT's own information, an information safety management system was installed based on ISO/IEC 27001:2005. ISO 27001 is an internationally recognised standard and is a systematic process-based approach for implementing an information safety management system that takes into account both the technology and the employees while at the same time establishing a continuous monitoring and optimisation process.

The information safety management system is thus a combination of a management system and specific measures, such as physical and personnel safety, the security of IT operations as well as physical and virtual access protection.

The employees are informed of current company developments at quarterly information events. These events also include necessary division-wide training on the information safety management system. The information required for day-to-day business is either communicated at regular meetings or during individual meetings. Open communication that is based on dialogue is valued.

Compliance with the requirements of ISO/IEC 27001:2005 is assessed annually, both by internal audits and by an independent external certification body.

The audit performed by DQS (Deutsche Gesellschaft zur Zertifizierung von Managementsystemen), the German company for the assessment and certification of management systems, in 2013 did not reveal any deviations from the requirements of the standard. The certificate is maintained and remains valid.

Employees

Breakdown of employees by local companies:

	31 Dec. 2013	31 Dec. 2012
CENIT AG	566	580
CENIT NA	35	31
CENIT CH	18	21
CENIT F	13	11
CENIT RO	35	29
CENIT J	4	3
CENIT Group	**671**	**675**

One focus of personnel work in 2013 was on expanding the CENIT Campus, the training programme for our employees. There was a keen take-up of technical training and soft skill offerings alike. After a focus on extending the welfare benefits at CENIT in 2012, 2013 saw the expansion of the training offering at the university of cooperative education. For example, we included a degree in industrial engineering in the offering. In addition to the welfare benefits, the area of health management was also extended. For example, two healthy living days took place in the reporting year, where employees were offered free organic fruit and vegetables and could attend talks and get advice on topics such as “Nutrition and relaxation” or “Health for me and for others”. There was also a chance to register there for the DKMS (Deutsche Knochenmarkspenderdatei), Germany’s list of bone marrow donors, and many of our employees availed of this opportunity. Another focus area was on recruiting highly qualified staff for CENIT AG in Germany and around the world.

The Group’s total headcount as of 31 December 2013 stood at 671 (prior year: 675). CENIT AG, Germany, had 566 employees as of 31 December 2013 (prior year: 580). The majority of those employees have third-level qualifications. Employee turnover stood at around 5% (prior year: 10%). The Group continues to record a very low number of sick days. The average length of service was 7.8 years with an average age of 41.5. Personnel expenses in the reporting period came to EUR 47,728 k in the CENIT Group (prior year: EUR 47,456 k) and to EUR 40,826 k at CENIT AG (prior year: EUR 41,035 k).

CENIT has been successfully training apprentices for years. The Group considers this to be part of its responsibility to society and is actively involved in making it easier for young people to start their career through qualified training. In 2013, CENIT AG in Germany had trained a total of 50 young people in various professions by the end of the year and intends to increase this number further in the coming years. The apprentices include students from the DHBW (Duale Hochschule Baden-Württemberg – University of Cooperation Education) in the areas of computer science and business and trainees in the IT field. In addition, the Group continuously hires university graduates as well as interns and students who are working on their undergraduate, masters or bachelors thesis.

Advanced training

CENIT offers a comprehensive advanced training programme to broaden the qualifications of its employees and provide them with access to current knowledge and expertise. A large number of employees took advantage of the various advanced training programmes and participated in courses and seminars in the reporting year in order to improve their qualifications. These focused on the topics of quality management, project management, certification for the products of the strategic software partners and training for executives.

Social responsibility

Social and societal responsibility is an important matter for the management board, executives and employees of CENIT and is actively supported. In order to extend the Group’s social involvement, which itself has a long tradition, on a long-term basis and to anchor it as a fixed part of CENIT’s corporate culture, the Group launched the initiative “CENIT Cares” in November 2013. As part of the initiative, CENIT will in future provide financial support or specific hands-on assistance to community projects. The Group will provide a defined budget as well as time-based resources (special vacation day) each year for this purpose. All CENIT employees will be given the opportunity to propose projects worthy of support as well as the type of support required (financial or hands-on assistance). A committee comprising CENIT employees and executives decides on the approval of the project applications. Four projects have already received donations since the initiative began in November 2013.

Remuneration system / profit sharing

Apart from performance-based promotion opportunities and assumption of responsibility at an early stage, CENIT offers its employees an attractive remuneration policy. Remuneration comprises a fixed salary, which is governed by individual employment agreements, and remuneration components whose amount are based on the operating result and on other quantitative and qualitative targets.

The remuneration system for the management board of CENIT AG comprises a profit-based component and a component that is independent of profit. The profit-based part is based on the Group's earnings for the year.

Pursuant to the articles of incorporation and bylaws, the supervisory board receives fixed compensation. Each member of the supervisory board receives a fixed amount of EUR 15,000.00 payable after the end of the fiscal year. The chairperson of the supervisory board receives twice that amount, while the deputy chairperson receives one and a half times that amount.

Subsequent events

At the time of preparing this report, there were no particular events that could have had a material influence on the net assets, financial position and results of operations of the Company or the Group.

Forecast for 2014

The German economy is forecast to grow by approximately 1.6% in 2014. According to BITKOM, the ITC industry itself is confident about 2014 and expects growth in information technology to amount to 2.8%.

Based on these expectations, the picture for CENIT is as follows:

Expected results of operations

CENIT has a solid basis with an equity ratio well in excess of 50%. This allows CENIT to be a strong and reliable partner to its customers.

The positive outlook supports our goal of outpacing market growth. The CENIT Group is planning sales growth of 5% in the current year. The individual segments will be in line with the overall development. On the whole, CENIT is anticipating a rise of just above 5% in earnings too (EBIT), which will be contributed to by both business divisions.

Sales and earnings at CENIT AG in 2014 are expected to match the reporting year, with sales of EUR 101,854 k and EBIT of EUR 7,036 k recorded in 2013. The

Company is using its own products and solutions to cover a market that is currently very significant. Developments have to be implemented more and more quickly, and existing processes have to be optimised on a constant basis. This is exactly where CENIT AG supports its customers. CENIT AG's products are competitive and are subject to constant further development. CENIT AG's employees are competent and possess a high level of technical understanding as well as excellent industry knowledge. With their know-how and their customer gearing, they are essential for the success of the Group.

The following factors should contribute to the sales and earnings targets: In addition to winning new customers, the focus is chiefly on growth in the relevant market segments for CENIT. As was already the case in 2013, 2014 will also see a special focus on further alignment in software development. In order to be competitive on this market in the long term, it is essential to act innovatively and to integrate new technologies in development. In this way, the Company wants to raise its share of its own software in earnings in the long term. The cooperation with the partners Dassault Systèmes, IBM and SAP will be continued on a lasting basis in order to position the Group as a long-term strategic partner. In addition, further partnerships were entered into, specifically for the digital factory and ECM areas. All of these partnerships allow CENIT to further expand its position on the PLM market. In the area of EIM, the partnerships provide opportunities in the growing public sector and in administration, but also with financial services providers.

Employees

The personnel expenses will be adjusted in accordance with growth. In 2014, the Group will continue to search for more skilled staff for various areas. CENIT has been successfully training apprentices for years, and training young people is still very important to the Company. One development in this area is that since last year the Company is offering the additional course of industrial engineering as a dual study programme. In 2013, CENIT trained 22 students on the dual study programme as well as 28 apprentices in different specialist fields, thus once again increasing the number of apprenticeships significantly. Education and training is a component of the long-term personnel policy and the social responsibility toward the young people in our country. The Company is a little concerned by the labour market situation in Germany, particularly with regard to computer scientists and engineers. It is still difficult to recruit very well trained people.

Expected financial position and liquidity

CENIT's liquidity is very healthy, both in the separate financial statements and at group level. The Group's financial situation gives it a competitive edge in tenders and planned projects. It gives CENIT's customers the security they require for their investment decisions.

The CENIT Group's financing is on a secure basis. The finance policy has been conservatively managed for years now, and this is reflected in the continued strong and long-term credit rating as well as the short-term and medium-term provision of sufficient liquidity for a positive development of the Group. The investments in 2014 will be at a similar level to 2013 (EUR 1,226 k). They will be funded by cash flow from operating activities.

The liquidity lost by paying a dividend can be funded from existing cash and cash equivalents and from the expected cash flow from operating activities in 2014.

Risks / Opportunities report

Risks / Opportunities management

With a group-wide opportunities and risk management system, the Group identifies any risks at an early stage in order to assess them correctly and limit them to the extent possible. CENIT observes the risks continuously in order to always assess the probable overall status on a systematic and timely basis and to better judge the effectiveness of corresponding countermeasures. In doing so, the Group takes into account operational risks as well as financial, economic and market-related risks. Opportunities result from the complementary view of the operational and functional risk structure in all risk areas.

CENIT makes appropriate provision at an early stage for all recognisable and accountable risks. Currency risks and default risks are monitored systematically on the basis of guidelines that set out the fundamental strategy, the rules on the structure and organisation of procedures and competence rulings.

The management board of CENIT has installed a systematic risk management system. Operational risk management encompasses early warning, risk communication and the sustainability of risk control. Risk reporting means that the managers responsible for the business units inform the management board continuously of the current risk situation. Moreover, risks that occur suddenly and risk with implications for the Group as a whole are communicated directly to the risk managers responsible at CENIT in urgent cases, bypassing normal reporting channels. In accordance with the statutory provisions, the management board and the supervisory board of CENIT are informed in detail of the risk situation of the business divisions. These reports are supplemented with up-to-date notices as soon as risks change or no longer exist or if new risks emerge. This ensures a continuous flow of information to the management board and the supervisory board. Compliance with the risk management system by the group companies and their risk management is reviewed using internal quality inspections. The findings obtained in this manner are used for the further improvement of the early detection and controlling of risk.

CENIT is well positioned in its target markets. The Company has a strong market position in Product Lifecycle Management (PLM) and in Enterprise Information Management (EIM) with regard to medium-sized and larger customers. The risk policy is based on exploiting existing opportunities to the full and only entering into the risks associated with operating activities if the opportunities for creating corresponding added value outweigh the risks. The Group implements this concept by regularly and continuously identifying, assessing and monitoring risks in all material business transactions and processes. Risk management is part of company management and reporting takes place directly to the management board. The functioning of the system is examined at regular intervals. A risk inventory is also carried out regularly. The six-month or annual risk reporting documents and assesses the risks identified. An ad-hoc risk report is also available to ensure that action can be taken rapidly and informally. A detailed report on the status of the material risks to be monitored documents the assessment, the action taken and planned as well as the persons responsible.

The management board examines the classified risks together with the department heads and the employees responsible in that business unit. The supervisory board is also informed regularly of the risk situation.

The receivables portfolio may bear risks with respect to recoverability of the receivables (default risk). CENIT counters this risk by ensuring strict receivables management, credit ratings, requesting advance payments and classifying risks at an early stage.

The Group is not dependent on financing by commercial banks. Therefore, there is no liquidity risk according to the management board. There were no lines of credit available to the subsidiaries in the USA, Switzerland, France, Romania or Japan, and none were required.

Thanks to the excellent capital gearing and available liquidity, the focus is on the acquisition of new technologies for extending and supplementing the Group's own software portfolio.

Also, through expanding our market coverage there is considerable potential to market our products at an even more international level via partners.

To secure and strengthen the competencies and the commitment of its executives, CENIT will continue to position itself as an attractive employer and strive to keep the executives in the Group for the long term. The elements of consistent management development include in particular creating opportunities, support and advice geared toward specific target groups, early identification and promotion of high-potential staff as well as attractive incentive systems for executives. CENIT employs specialists with several years of professional experience in all of its business units.

Risk monitoring

Risk monitoring is the task of decentralised and centralised risk management. To do this, the decentralised risk manager defines early warning indicators for the critical success factors. The task of centralised risk management is to monitor the defined early warning indicators. As soon as the specified thresholds are met, a risk report is prepared by the decentralised risk manager, i.e. a forecast of the expected impact on CENIT if the risk occurs. Ideally these forecasts are supplemented with scenario analyses that take into account different constellations of data. Using this information and the measures proposed by the decentralised risk managers and the central risk management system, the management board decides whether and to what extent measures should be taken to mitigate the risk or whether it is perhaps necessary to adjust the corporate objectives. Tracking the early warning indicators and monitoring the corresponding threshold values as well as carrying out the scenario analyses is the responsibility of decentralised risk management.

Finally, it should be noted that the Company uses numerous management and control systems that are continually refined to measure, monitor and control risks. These include a uniform group-wide strategy, planning and budgeting process dealing mainly with opportunities and risks from operations. The risks identified and the risk management measures defined within the strategy, planning and budgeting process are monitored. Tracking and mitigating risks pays off, for example in the change request process for certainty as regards deadlines and technical risks. With large projects in particular, the certainty that the contract will be continued is checked.

Further growth and, in turn, lasting economic success are affected not just by the economic risks on global markets, but to a large extent also by the successful marketing of CENIT solutions and consultancy services as well as of the IT services. Among other things, this is to be achieved by expanding the Group's own sales and consultancy know-how and by entering into strategic partnerships. Two thirds of the customers come from the manufacturing industry. Fluctuations in the business cycle in the manufacturing industry can, in some cases, have an impact on the business situation. The Company has concluded insurance policies to cover potential cases of damage and liability risks and to ensure that the financial consequences of any potential risks are limited. The scope of these policies is regularly reviewed and adjusted if required. With respect to the necessary IT security, CENIT has also made extensive risk provision and continually develops this further.

Risks relation to future development

A review of the current risk situation has shown that there were no risks in the reporting period that jeopardised the continued existence of the Group as a going concern and that no such risks are foreseeable at present for the future. Provisions have been recorded for all recognised risks. Furthermore, as of the balance sheet date there are no other risks that could have a material impact on the net assets, financial position or results of operations. The risk management and early warning system makes transparent corporate governance and early detection of risks possible. Due to the fact that most purchase and sales contracts are denominated in euro and in light of the current financing structure, no use has currently been made of derivative financial instruments to hedge currency risks.

An overall analysis of risk shows that CENIT is primarily exposed to market risks. These mainly include price and quantity developments linked to the business cycle as well as the dependence on the development of key accounts or important industries. The Group is also dependent on the general economic situation, the development of which currently hinges on the events in the finance and banking sectors. There is also a risk in specialising with technology partners and the related dependence on their business development.

The risk of price erosion observed on the market is countered by means of high-quality service.

Internal control and risk management system in relation to the accounting and group financial reporting process, sec. 315 (2) No. 5 HGB (CENIT AG: Sec. 289 (5) HGB)

The main features of the internal control system and the risk management in place at CENIT in relation to the accounting and group financial reporting process can be described as follows:

There is a clear management and company structure at the Company and in the other group companies. The functions of the main areas in terms of the accounting and group financial reporting process, namely accounting and taxes, consolidation and controlling as well as investor relations, are clearly separated. The areas of responsibility are clearly allocated.

The financial systems used are protected from unauthorised access by corresponding IT systems. Standard software is used in the finance area in as far as possible. An appropriate system of guidelines ensures uniform treatment within the Company/Group and is constantly updated.

The departments and areas involved in the accounting/group financial reporting process are suitably equipped from both a quantitative and a qualitative perspective. Accounting data received or passed on are checked constantly for completeness and accuracy, e.g. by means of spot checks. The software used carries out programmed plausibility checks.

The principle of dual control is complied with for all accounting-related processes. In terms of the propriety and reliability of the internal accounting and external financial reporting, the corresponding supervisory committees (supervisory board) are in place.

The internal control and risk management system in relation to the accounting and group financial reporting process, the main features of which are described above, ensures that company matters are always recorded, compiled and evaluated correctly for accounting purposes and transferred to the accounting and financial reporting. Appropriate personnel capacities, the use of suitable software and clear statutory and internal company regulations provide the basis for an orderly, uniform and consistent accounting and financial reporting process. The clear demarcation of the areas of responsibility as well as various control and monitoring mechanisms ensure specific and responsible accounting. In detail, this ensures that business transactions are recorded, processed and documented in accordance with the statutory provisions, the articles of incorporation and bylaws as well as internal guidelines and that they are recorded correctly for accounting purposes and on a timely basis. At the same time it ensures that assets and liabilities are disclosed, recognised and valued accurately in the annual and consolidated financial statements and that reliable and relevant information is provided in full and on a timely basis.

Disclosures pursuant to the ÜbernRLUG [“Übernahmerichtlinie-Umsetzungsgesetz”: German Takeover Directive Implementation Act]

Sec. 315 (4) No. 1 HGB (CENIT AG: Sec. 289 (4) No. 1 HGB)

As per the most recent entry in the commercial register on 14 August 2006, the capital stock of the Company amounts to EUR 8,367,758.00 and has been fully paid in. It is divided into 8,367,758 no-par value shares of EUR 1.00 each. The shares are made out to the bearer and are all no-par value common shares. The rights and duties relating to possession of the common shares stem from the AktG.

Sec. 315 (4) No. 6 HGB (CENIT AG: Sec. 289 (4) No. 6 HGB)

The appointment and dismissal of management board members is regulated in Sec. 84 AktG. Furthermore, Article 7 Nos. 1 and 2 of the articles of incorporation and bylaws states that the supervisory board appoints the management board members and determines the number of management board members. Pursuant to Article 7

No. 1 of the articles of incorporation and bylaws, the management board comprises at least two persons.

The provisions to amend the articles of incorporation and bylaws are regulated in Secs. 133, 179 AktG. Additionally, Article 21 No. 1 of the articles of incorporation and bylaws states that resolutions of the shareholder meeting require a simple majority of the votes cast and, where required, the simple controlling interest, unless legal regulations or the articles of incorporation and bylaws prescribe otherwise. The supervisory board is entitled pursuant to Article 16 of the articles of incorporation and bylaws to make amendments to the articles of incorporation and bylaws that only affect the version.

Sec. 315 (4) No. 7 HGB (CENIT AG: Sec. 289 (4) No. 7 HGB)

Authorisation to acquire treasury shares and to resell treasury shares

Reversing the authorisation to acquire treasury shares dated 29 May 2009, the management board was authorised to purchase, with the approval of the supervisory board, the Company's treasury no-par value shares (common shares) on behalf of the Company once or several times until 27 May 2015 for the purpose of redemption. The redemption does not require any further shareholder resolutions.

The management board was further authorised to purchase, with the approval of the supervisory board, the Company's treasury no-par value shares (common shares) on behalf of the Company once or several times until 27 May 2015 for the purpose of resale. Upon resale, which is subject to approval by the supervisory board, the management board is authorised to carry out the following measures:

- Reselling via the stock exchange, whereby Sec. 71 (1) No. 8 Sentence 2 AktG remains unaffected
- Giving as counterperformance for the acquisition of companies or equity investments in companies if the business purpose of the target company essentially lies within the scope of the Company's business purpose pursuant to Article 2 (1) of the articles of incorporation and bylaws; the management board can, with the approval of the supervisory board, preclude the shareholders' statutory subscription rights.

The unit price (excluding incidental selling costs) at which the treasury shares are sold cannot fall materially below the average price of the Company's common shares on the Frankfurt stock exchange during the last five days prior to concluding the agreement on acquiring a company or an equity investment in a company, calculated on the basis of the arithmetic mean of the closing price of the Company's common shares on the XETRA platform (or a functionally comparable successor system taking the place of the XETRA system).

Based on the aforementioned authorisation, together with other treasury shares already purchased and still held by the Company, the Company can purchase a total maximum of treasury common stock that accounts for an arithmetical share of 10% of the Company's capital stock. The transaction value for a share (excluding incidental acquisition costs) cannot deviate from the share price by more than 10%. The authoritative share price is the average price of the Company's common shares on the Frankfurt stock exchange during the last five days prior to acquiring the shares, calculated on the basis of the arithmetic mean of the closing price of the Company's common shares on the XETRA platform (or a functionally comparable successor system taking the place of the XETRA system). In the event of redemption, the supervisory board is authorised to amend the version of the articles of incorporation and bylaws in accordance with the scope of the capital reduction.

Authorised capital

Reversing the authorisation dated 13 June 2006 to increase the capital stock, the management board was authorised, with the approval of the supervisory board, to increase the capital stock by up to EUR 4,183,879.00 in total by 25 May 2016 by issuing on one or more occasions new no-par value bearer shares in return for cash contributions and/or contributions in kind (authorised capital 2011). The number of shares must increase in direct proportion to the increase in capital stock. The shareholders must be given a subscription right. The new shares can also be assumed by one bank or by several banks with the obligation to offer them to the Company's shareholders for purchase.

However, the management board is authorised, with the approval of the supervisory board, to preclude the shareholders' statutory subscription right in the following cases:

a) The management board is authorised, with the approval of the supervisory board, to preclude any fractional shares from the shareholders' subscription right.

b) The management board is authorised, with the approval of the supervisory board, to preclude the shareholders' subscription right in the event of a capital increase in return for a contribution in kind if the contribution in kind is made with the purpose of acquiring companies, parts of companies and/or equity investments in companies or in the course of business combinations.

c) The management board is authorised, with the approval of the supervisory board, to preclude the shareholders' subscription right in the event of a capital increase in return for a cash contribution if the capital increases passed on the basis of this approval do not exceed a total of 10% of the existing capital stock as of the date of the resolution by the shareholder meeting or as of the date on which the approval is exercised, whichever is lower, and if the issue amount is not substantially less than the quoted market price. The maximum limit of 10% of the capital stock is reduced by the proportionate amount of the capital stock accounted for by those treasury shares of the Company that were sold during the term of the authorised capital with exclusion of the subscription right of the shareholders in accordance with Sec. 71 (1) No. 8 Sentence 5 AktG and Sec. 186 (3) Sentence 4 AktG.

The total number of shares issued based on this authorisation in return for cash contributions and contributions in kind with exclusion of the subscription right of the shareholders cannot exceed a pro rata amount of capital stock of EUR 1,673,551 (20% of current capital stock). The management board is authorised, subject to approval of the supervisory board, to decide on further details of the capital increase and the conditions of the share issue.

The supervisory board is authorised to adjust the version of Article 5 of the articles of incorporation and bylaws after partial or full implementation of the increase in capital stock in accordance with the respective utilisation of the authorised capital.

Sec. 289a HGB – Corporate governance statement

The management board and supervisory board of the Company have issued the corporate governance statement for 2013 prescribed by Sec. 289a HGB and have made it available on the homepage at: http://www.cenit.com/de_DE/investor-relations/corporate-governance.html.

Stuttgart, 28 February 2014

CENIT Aktiengesellschaft

The Management Board

Kurt Bengel
Spokesman of the Board

Matthias Schmidt
Member of the Board

Group Financial Statement

CENIT Aktiengesellschaft, Stuttgart
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in accordance with IFRS)
for the period from 1 January 2013 to 31 December 2013

in EUR k		31 Dec. 2013	31 Dec. 2012
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	F1	3,619	4,078
Property, plant and equipment	F2	2,567	3,167
Investments in associates	F3	54	54
Income tax receivable	F9	250	328
Other long-term receivables	F7	157	0
Other financial assets at fair value through profit or loss	F8	2,000	2,000
Deferred tax assets	F4	89	54
NON-CURRENT ASSETS		**8,736**	**9,681**
CURRENT ASSETS			
Inventories	F5	4	88
Trade receivables	F6	14,811	16,398
Receivables from associates	F6	3,455	3,502
Current income tax assets	F9	745	454
Other receivables	F7	138	162
Cash and cash equivalents	F10	26,632	23,779
Prepaid expenses	F11	5,838	4,936
CURRENT ASSETS		**51,623**	**49,319**
TOTAL ASSETS		**60,359**	**59,000**

CENIT Aktiengesellschaft, Stuttgart
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(in accordance with IFRS)
for the period from 1 January 2013 to 31 December 2013

in EUR k		31 Dec. 2013	31 Dec. 2012
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital	F12	8,368	8,368
Capital reserves	F12	1,058	1,058
Currency translation reserve	F12	97	262
Legal reserve	F12	418	418
Other revenue reserves	F12	15,607	13,537
Retained earnings	F12	10,382	11,005
TOTAL EQUITY		**35,930**	**34,648**
NON-CURRENT LIABILITIES			
Other liabilities	F15	1,417	1,404
Deferred tax liabilities	F4	842	939
NON-CURRENT LIABILITIES		**2,259**	**2,343**
CURRENT LIABILITIES			
Trade payables	F14	4,028	4,156
Liabilities to associates	F14	37	20
Other liabilities	F15	11,430	10,237
Current income tax liabilities	F13	621	1,540
Other provisions	F13	113	166
Deferred income		5,941	5,890
CURRENT LIABILITIES		**22,170**	**22,009**
TOTAL EQUITY AND LIABILITIES		**60,359**	**59,000**

CENIT Aktiengesellschaft, Stuttgart
CONSOLIDATED INCOME STATEMENT (in accordance with IFRS)
for the period from 1 January 2013 to 31 December 2013

in EUR k				1 Jan. 2013 – 31 Dec. 2013	1 Jan. 2012 – 31 Dec. 2012
1.	**REVENUE**	**E1**		**118,921**	**118,854**
2.	Increase/decrease in inventories of work in process			0	-4
	Total operating performance			**118,921**	**118,850**
3.	Other operating income	E3		1,222	773
	Operating performance			**120,143**	**119,623**
4.	Cost of materials	E4	46,901		46,044
5.	Personnel expenses	E5	47,728		47,456
6.	Amortisation of intangible assets and depreciation of property, plant and equipment	F1+F2	2,303		3,027
7.	Other operating expenses	E7	14,880		15,079
				111,812	111,606
	NET OPERATING INCOME			**8,331**	**8,017**
8.	Other interest and similar income	E8	98		154
9.	Interest and similar expenses	E8	49		60
				49	94
	RESULT FROM ORDINARY ACTIVITIES			**8,380**	**8,111**
10.	Income taxes	E10		2,501	2,692
11.	**NET INCOME OF THE GROUP FOR THE YEAR**			**5,879**	**5,419**
12.	thereof attributable to the shareholders of CENIT			5,879	5,419
	Earnings per share in EUR				
	basic	E11		0.70	0.65
	diluted	E11		0.70	0.65

CENIT Aktiengesellschaft, Stuttgart **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (in accordance with IFRS)**			
in EUR k		1 Jan. 2013 – 31 Dec. 2013	1 Jan. 2012 – 31 Dec. 2012
Net income for the year		**5,879**	**5,419**
Other comprehensive income			
Items that will be reclassified to the income statement in the future under certain circumstances			
Currency translation reserve of foreign subsidiaries	-165		-59
Items that will not be reclassified to the income statement in the future			
Actuarial gains/losses from defined benefit obligations and similar obligations	218		-516
Deferred taxes recognised on other comprehensive income	-48		108
Other comprehensive income after tax		**5**	**-467**
Total comprehensive income		**5,884**	**4,952**
thereof attributable to the shareholders of CENIT		5,884	4,952

CENIT Aktiengesellschaft, Stuttgart
STATEMENT OF CHANGES IN EQUITY (in accordance with IFRS)
as of 31 December 2013

in EUR k	Subscribed capital	Capital reserves	Currency translation reserve	Revenue reserves		Retained earnings	Total
				Legal reserve	Other reserves		
As of 31 December 2011	**8,368**	**1,058**	**321**	**418**	**12,245**	**9,796**	**32,206**
Total comprehensive income			-59		-408	5,419	4,952
Allocation to other revenue reserves					1,700	-1,700	0
Dividend distribution						-2,510	-2,510
As of 31 December 2012	**8,368**	**1,058**	**262**	**418**	**13,537**	**11,005**	**34,648**
Total comprehensive income			-165		170	5,879	5,884
Allocation to other revenue reserves					1,900	-1,900	0
Dividend distribution						-4,602	-4,602
As of 31 December 2013	**8,368**	**1,058**	**97**	**418**	**15,607**	**10,382**	**35,930**

CENIT Aktiengesellschaft, Stuttgart CONSOLIDATED STATEMENT OF CASH FLOWS (in accordance with IFRS) for the period from 1 January 2013 to 31 December 2013		
in EUR k	2013	2012
Cash flow from operating activities		
Earnings before interest and taxes	8,331	8,017
Adjusted for:		
Amortisation of intangible assets and depreciation of property, plant and equipment	2,303	3,027
Gains (-) and losses (+) on disposals of non-current assets	11	1
Other non-cash income and expenses	6	-16
Increase/decrease in other non-current assets and liabilities and provisions	85	129
Interest paid	-49	-60
Interest received	98	154
Income tax paid	-3,813	-2,328
Net operating income before changes in net working capital	**6,972**	**8,924**
Increase/decrease in trade receivables and other current non-cash assets	537	988
Increase/decrease in inventories	83	238
Increase/decrease in other financial assets held for trading that are not attributable to cash and cash equivalents	0	966
Increase/decrease in current liabilities and provisions	1,262	-672
Net cash flows from operating activities	**8,854**	**10,444**
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	-1,226	-2,278
Income from the sale of property, plant and equipment	7	6
Net cash paid for investing activities	**-1,219**	**-2,272**
Cash flow from financing activities		
Dividends paid to shareholders	-4,602	-2,510
Net cash paid for financing activities	**-4,602**	**-2,510**
Net increase/decrease in cash and cash equivalents	**3,033**	**5,662**
Change in cash and cash equivalents due to foreign exchange differences	-180	-18
Cash and cash equivalents at the beginning of the reporting period	23,779	18,135
Cash and cash equivalents at the end of the reporting period	**26,632**	**23,779**

Notes to the consolidated financial statements for 2013

A. Commercial register and purpose of the Company

The parent company of the Group, CENIT Aktiengesellschaft, has its registered office at Industriestrasse 52-54, 70565 Stuttgart, Germany, and is filed in the commercial register of Stuttgart district court, department B, under No. 19117. The shares of CENIT are publicly traded.

The business purpose of the group entities is to provide all types of services in the field of introducing and operating information technology and to sell and market information technology software and systems. With a focus on product life cycle and document management solutions and IT outsourcing, CENIT's two business units PLM (Product Lifecycle Management) and EIM (Enterprise Information Management) offer tailored consultancy services from a single source. CENIT's focus is on business process optimisation and computer-aided design and development technologies.

B. Accounting policies

The consolidated financial statements of CENIT Aktiengesellschaft, Stuttgart, are prepared and published in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB ["Handelsgesetzbuch": German Commercial Code], and are released by the management board to the supervisory board for approval. The consolidated financial statements are thus authorised for publication. This will take place on 27 March 2014.

The consolidated financial statements are prepared in euro. To aid clarity, all figures are presented in thousands of euro (EUR k) unless otherwise indicated. The end of the reporting period is 31 December of any given year.

For the classification for the statement of financial position, a distinction is made between current and non-current assets and liabilities; in the notes, they are broken down in detail by their term to maturity in some cases. The income statement is classified using the nature of expense method.

The consolidated financial statements have been prepared on the basis of historical cost (acquisition cost principle) apart from financial assets that are held for trading or are classified on initial recognition as financial assets at fair value through profit or loss and are thus reported at fair value.

The annual financial statements of the entities included in the consolidated financial statements have been prepared on the basis of the parent company's uniform accounting policies as of the end of its reporting period.

Amended or new IFRSs issued by the EU and the resulting reporting, recognition and measurement changes

Compared with the consolidated financial statements as of 31 December 2012, the following standards and interpretations were mandatory for the first time:

- IAS 1 Presentation of Items of Other Comprehensive Income (amendment)

  The amendment requires that the items reported in other comprehensive income must in future be broken down into items that will be reclassified to the income statement in subsequent periods and items that will not be reclassified to the income statement. Application of the amended standard leads to an extended presentation of other comprehensive income in CENIT's consolidated financial statements.

Compared with the consolidated financial statements as of 31 December 2012, the following standards and interpretations were mandatory for the first time but did not have any material relevance for the CENIT Group from a current perspective:

- IAS 12 Deferred Tax: Recovery of Underlying Assets (amendment)
- IAS 19 Employee Benefits (amendment)
- IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (amendment)
- IFRS 1 Government Loans (amendment)
- IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (amendment)
- IFRS 13 Fair Value Measurement
- Annual improvements to IFRS 2009 - 2011
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Outlook on IFRS amendments in 2013

The following IFRSs adopted by the EU were issued by the end of the reporting period but are not mandatory until later reporting periods. The CENIT Group decided not to early adopt the standard and interpretations that are not mandatory until later reporting periods.

Amendment/standard	Date of publication	Date of transposition into EU law	Effective date
IFRS 10 Consolidated Financial Statements	12 May 2011	11 December 2012	1 January 2014
IFRS 11 Joint Arrangements	12 May 2011	11 December 2012	1 January 2014
IFRS 12 Disclosures of Interests in Other Entities	12 May 2011	11 December 2012	1 January 2014
IAS 27 Separate Financial Statements	12 May 2011	11 December 2012	1 January 2014
IAS 28 Investments in Associates and Joint Ventures	12 May 2011	11 December 2012	1 January 2014
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	29 May 2013	20 December 2013	1 January 2014
Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	27 June 2013	20 December 2013	1 January 2014
Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)	28 June 2013	4 April 2013	1 January 2014
Investment Entities (Amendments to IFRS 10, IFRS 11 and IAS 27)	31 October 2012	20 November 2013	1 January 2014
Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)	16 December 2011	13 December 2012	1 January 2014

Changes in the presentation of the consolidated financial statements

The accounting policies used in the prior year have been used without change to prepare the consolidated financial statements.

C. Consolidation principles

1. Consolidation principles and basis of consolidation

The consolidated financial statements include the financial statements of the parent and of the entities it controls (its subsidiaries).

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control by the parent ceases.

The Group's investment in the associate is accounted for using the equity method of accounting.

Intercompany sales, income and expenses and all intercompany receivables and liabilities were eliminated.

The following entities have been included in the consolidated financial statements of CENIT in accordance with IAS 27 or IAS 28 respectively:

No.	Entity	Currency	%	from	Sub-scribed capital LC k	Date of purchase accounting
1	CENIT Aktiengesellschaft Stuttgart, Germany	EUR	---	---	8,368	Parent
2	CENIT (Schweiz) AG Effretikon, Switzerland	CHF	100	1	500	26 October 1999
3	CENIT NORTH AMERICA Inc. Auburn Hills, USA	USD	100	1	25	29 November 2001
4	CENIT SRL Iasi, Romania	RON	100	1	344	22 May 2006
5	CENIT FRANCE SARL Toulouse, France	EUR	100	1	10	26 April 2007
6	CENIT Japan K.K. Tokyo, Japan	YEN	100	1	34,000	13 May 2011
7	CenProCS AIRliance GmbH Stuttgart, Germany	EUR	33.3	1	150	16 November 2007

2. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The goodwill resulting from the acquisition of a subsidiary of an entity under common control is initially measured at cost, being the excess of the cost of the business combination over the Group's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. In subsequent periods, goodwill is measured at cost less all accumulated impairment losses. If the acquirer's share in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of acquiring the company, the excess amount remaining after reassessment is recognised in profit or loss. There is no goodwill in the consolidated financial statements.

3. Investment in an associate

CENIT has held a 33.33% investment in an associate, CenProCS AIRliance GmbH (CenProCS), since 16 November 2007. A contractual agreement has been signed by the shareholders, CENIT AG Stuttgart, PROSTEP AG Darmstadt and CS SI LePlessis Robinson, France, on the provision of packaged services by the shareholders in the area of information technology as well as the coordination and marketing of these services.

The CENIT Group accounts for its investment in CenProCS using the equity method. Under the equity method, the investment in CenProCS is carried in the statement of financial position at cost plus post-acquisition changes in the CENIT Group's share of net assets of CenProCS. During formation of the entity, CENIT AG made a cash contribution of EUR 50 k.

The income statement reflects the CENIT Group's share of CenProCS's profit. Where there has been a change recognised directly in equity, the Group recognises its share of such changes and discloses this, when applicable, in the statement of changes in equity. Gains and losses on transactions between the Group and the associate are eliminated in proportion to the investment in CenProCS.

The financial statements of CenProCS are prepared with the same end of the reporting period as the financial statements of the parent. Where necessary, adjustments are made to comply with the Group's uniform accounting policies.

After application of the equity method to the CENIT Group's investment in CenProCS, the parent company determines whether it is necessary to recognise an additional impairment loss on the investment. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the investment in CenProCS and the acquisition cost and recognises the amount in the income statement.

4. Foreign currency translation

The presentation currency is the parent company's functional currency. The functional currency concept is applied to translate the financial statements prepared in foreign currency by the entities included in the consolidated group. The functional currency of the group entities is their respective local currency. Financial statements prepared in functional currency are translated to the Group's presentation currency using the modified closing rate method. Assets and liabilities are translated at the closing rate, while equity is translated at the historical rate and income and expenses at the annual average rate.

The difference arising from translation of the individual financial statements is recognised directly in equity. When subsidiaries are sold, the exchange differences recognised in equity relating to these entities are released to profit or loss.

Foreign currency transactions are generally translated at the current rate of the transaction date. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the annual closing rate. Non-monetary items that were measured at their historical cost are translated at the rate of the transaction date, while non-monetary items that were measured at their fair value are translated at the rate which was current at the time the fair value was determined. Differences arising from currency translation at closing rates are recognised in profit or loss.

The following exchange rates were used for currency translation:

in EUR	Closing rate		Annual average rate	
	31 Dec. 2013	31 Dec. 2012	2013	2012
CHF	1.2276	1.2072	1.2311	1.2053
USD	1.3791	1.3194	1.3281	1.2848
RON	4.4710	4.4445	4.4190	4.4593
YEN	144.72	113.61	129.66	102.49

D. Accounting principles

Purchased intangible assets are stated at amortised cost including incidental acquisition cost. They are reduced by amortisation over the expected useful life, usually three years, using the straight-line method.

In the case of intangible assets acquired for consideration in connection with a business combination, the acquisition costs of the intangible assets are equal to their fair value. They are reduced by amortisation over the expected useful life using the straight-line method. The useful life of the identified customer base is seven or ten years and one year for the identified order backlog as well for other intangible assets generally three years.

As of the end of both reporting periods, the statement of financial position did not include any intangible assets with an indefinite useful life.

Internally generated intangible assets are not capitalised due to non-fulfilment of the cumulative criteria in IAS 38.57. Non-capitalisable development costs were expensed.

Property, plant and equipment is recognised at cost, net of accumulated straight-line depreciation and/or accumulated impairment losses. Maintenance costs are recorded directly as expenses. Items of property, plant and equipment are depreciated on the basis of their estimated useful lives. The useful life of plant and machinery is three to five years, and five to ten years for furniture and fixtures. Buildings on the Group's premises are depreciated over a period of 33 years, or 8 to 15 years for land improvements. Buildings on third-party land (leasehold improvements) are depreciated over the terms of the lease agreements. No material residual values had to be considered when determining depreciation.

Residual values, depreciation and amortisation methods and the useful life of property, plant and equipment and intangible assets are reviewed annually and adjusted if changes take place. Any changes required are taken into account prospectively as changes in estimates.

Intangible assets or property, plant and equipment are derecognised either upon disposal or when no further economic benefits are expected from their further use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the period in which the asset is derecognised in the items for other operating income or other operating expenses.

An **impairment test** is performed at the end of each reporting period for all intangible assets and property, plant and equipment if events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss for items of property, plant and equipment and intangible assets carried at cost.

A reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or could have decreased. The reversal is posted as a gain in the income statement. The increased carrying amount cannot exceed the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised for the asset in prior years.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an estimate of whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an other operating expense in the income statement on a straight-line basis over the lease term. There were no finance leases in the reporting period. In addition, the Group does not act as a lessor.

Financial instruments

Pursuant to IAS 39, a financial instrument is a contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets include in particular cash and cash equivalents, trade receivables and other loans and receivables originated by the entity, held-to-maturity investments and primary and derivative financial instruments held for trading. Financial liabilities generally give rise to the right to receive settlement in cash or another financial asset. Financial instruments are recognised as soon as CENIT becomes party to the contractual provisions of the financial instrument.

Investments and other financial assets

Financial assets as defined by IAS 39 are broken down into financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. All financial assets are recognised initially at fair value plus, in the case of investments which are not at measured fair value through profit or loss, any transaction costs directly attributable to the purchase of the financial asset. The Group determines the classification of its financial assets upon initial recognition and, where allowed and appropriate, reassesses this designation at the end of each reporting period.

Regular way purchases and sales of financial assets are recognised as of the trading date, i.e. the date on which the entity entered into the obligation to purchase the asset ("trade date accounting").

Financial assets at fair value through profit or loss

The category of financial assets at fair value through profit or loss includes financial assets held for trading and financial assets classified upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near future. Derivative financial instruments are also classified as held for trading unless they are designated as a hedging instrument and are effective as such. Gains or losses on financial assets held for trading are recognised in profit or loss. The net gain or loss recognised includes any dividends and interest of the financial asset.

Financial assets held to maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity if the Group intends and is able to hold these to maturity. Investments intended to be held for an indefinite period are not included in this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in net profit or loss for the period when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as one of the three categories above. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value, and any gain or loss is recognised in a separate item under equity. On derecognition of the investment or identification of impairment, any cumulative gain or loss that had previously been recognised directly in equity is recognised in profit or loss. The Group does not hold any available-for-sale financial assets.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the contractual rights to receive cash flows from the financial asset have expired or the financial asset and substantially all the risks and rewards of the asset are transferred to a third party.

If the Group has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group recognises an asset to the extent of the Group’s continuing involvement in the asset and a corresponding liability for any consideration that the Group could be required to pay. If the Group retains substantially all risks and rewards of a transferred financial asset, the Group continues to recognise the financial asset and a secured loan for the consideration received.

Financial liabilities are derecognised when the obligations specified in the contract have been discharged, cancelled, or have expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

Impairment of financial assets

The Group assesses at the end of each reporting period whether a financial asset or group of financial assets is impaired. Any impairment losses as a result of fair value falling short of the carrying amount are recognised in profit or loss.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (with the exception of future credit defaults) discounted at the original effective interest rate of the financial asset (i.e. the interest rate determined upon initial recognition). The carrying amount of the asset is reduced either directly or by using an allowance account. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The amount of the reversal is recognised in profit or loss provided the carrying amount of the asset at the time of reversal does not exceed amortised cost.

Trade receivables, which generally have 30 to 90 day terms, are recognised at the original invoice amount less an allowance for any uncollectible amounts. An impairment loss is recognised if there is objective evidence that the Group will not be able to collect the receivable. Receivables are written off as soon as they become uncollectible. Credit risks are taken into account through adequate specific valuation allowances.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount is recognised in equity for the difference between its cost (net of any principal repayment and amortisation) and current fair value less any impairment loss on that asset previously recognised in profit or loss. Reversals of impairment losses on equity instruments classified as available-for-sale are not recognised in the profit or loss for the period. Reversals of impairment losses on debt instruments are recognised in profit or loss if the increase in the instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Derivative financial instruments are generally used to increase the return on investment and for hedging purposes. These derivative financial instruments are initially carried at the fair value on the date on which the relevant contract was concluded and are then subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

If derivative financial instruments do not satisfy the criteria for hedge accounting, any gains or losses from changes in fair value are immediately recognised in profit or loss.

The **inventories** reported are measured at the lower of cost and net realisable value. Costs of conversion are determined on the basis of full production-related costs. Net realisable value is the estimated sales proceeds less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and short-term deposits in the statement of financial position comprise cash on hand, bank balances and short-term deposits with an original maturity of less than three months.

Pension obligations and similar obligations result from obligations to employees. The amounts payable in connection with defined contribution plans are expensed as soon as the obligation to pay arises and reported as personnel expenses. Prepayments of contributions are capitalised to the extent that these prepayments will lead to repayment or a reduction in future payments.

The LOB pension plans in place in Switzerland qualify as defined benefit plans in accordance with IAS 19 due to the statutory minimum interest and conversion rate guarantees. The cost of providing benefits under these benefit plans is determined using the projected unit credit method. The Group recognises actuarial gains and losses in full in other comprehensive income in the period in which they occur. Such actuarial gains and losses are also immediately recognised in revenue reserves and are not reclassified to profit or loss in subsequent periods. The plan assets available to cover the pension obligations are offset against the pension obligations in accordance with the rules in IAS 19.

Financial liabilities

Financial liabilities are classified either as financial liabilities at fair value through profit or loss or as other financial liabilities.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in profit and loss.

Other financial liabilities are initially recognised at fair value less transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expenses recognised based on the effective interest rate. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expenses to the respective periods.

Provisions are reported at the best estimate of the amount required to settle the obligation. They are created for legal or constructive obligations resulting from past events when it is probable that the settlement of the obligation will lead to an outflow of resources and the amount of the obligation can be reliably estimated. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to the provision is presented in the income statement net of any reimbursement. Provisions are discounted where the effect of discounting is material. The discount rate chosen is a pre-tax rate that reflects the risks specific to the liability. Discount rate adjustments are recorded as an interest expense.

Liabilities are disclosed in the notes to the financial statements as **contingent liabilities** for possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is not disclosed if the possibility of an outflow of resources embodying economic benefits is remote.

Government grants in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance are only reported when there is sufficient guarantee that the associated conditions will be satisfied and the grants issued. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Among others, grants related to personnel expenses are offset against expenses in the period in which they are granted.

Current tax assets and liabilities

Current tax assets and liabilities for the current and prior periods should be measured at the amount expected to be recovered from or paid to the taxation authorities. The current tax expense is determined on the basis of the taxable income for the year. Taxable income differs from the net profit taken from the consolidated income statement in that it does not include expenses and income that are never taxable or tax deductible or only taxable or tax deductible in later years. The calculation is based on the tax rates and tax laws applicable as of the end of the reporting period.

Deferred taxes are recorded on temporary differences between the tax base and the carrying amount in the consolidated financial statements according to the balance-sheet-oriented liability method described in IAS 12.

Deferred tax liabilities are recognised in principle for all taxable temporary differences.

Deferred tax assets are recognised in principle for all deductible temporary differences, unused tax losses and unused tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the unused tax losses and unused tax assets can be utilised.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realised.

Deferred taxes on temporary differences are calculated at a uniform group-wide tax rate that is expected to apply for the period when the asset is realised or the liability is settled. Deferred tax assets and deferred tax liabilities are calculated according to the laws and regulations applicable as of the end of the reporting period or substantively enacted at the end of the reporting period.

Deferred tax assets are only recognised on unused tax losses to the extent that it is probable that future taxable income will be available for offsetting. The carrying amount of the deferred tax assets is reviewed for impairment as of the end of every reporting period and reduced by the amount for which sufficient tax profits are no longer likely to be available.

Income tax implications related to the items posted directly to equity are also recorded directly under equity.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to offset current tax assets and current tax liabilities and these relate to income taxes levied by the same taxation authority on the same taxable entity.

Value added tax (VAT)

Revenue, expenses and assets are recognised net of VAT. The following are exceptions to this rule:

- where the VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of the asset or as part of the expense item as applicable; and
- where receivables and liabilities are stated with the amount of VAT included.

The amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration. In addition, the following conditions must be satisfied in order for revenue to be recognised:

Sale of goods and provision of services

Revenue is reported net of VAT and after deduction of any rebate or discount granted. Sales are recognised as revenue on the date of delivery to the customer. Income received for the provision of services is recognised in accordance with the rules in IAS 11 Construction Contracts.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract should be recognised as part of the contract costs incurred for the work in relation to the expected contract costs by reference to the stage of completion of the contract activity at the end of the reporting period. Changes to contracted work, claims and bonus payments are included to the extent that they are agreed with the customer. If the outcome of a construction contract cannot be measured reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. If it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. An expected loss on a construction contract is recognised as an expense immediately as soon as this loss is probable.

Royalties

Revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Time-based usage fees are recognised on a straight-line basis over the term of the agreement.

Dividends and interest income

Dividend income is recognised when the Group's right to receive the payment is established.

Income is recognised as the interest accrues (using the effective interest method, i.e. the rate used to discount estimated future cash flows over the expected life of the financial instrument to the net carrying amount of the financial asset). Interest paid or received is disclosed as interest income and interest expenses.

Significant accounting judgments, assumptions and estimates

According to the opinion of the management board, the following judgments had the most significant effect on the amounts recognised in the consolidated financial statements.

- It is not permissible to recognise research costs as assets. Development costs may only be recognised as an asset if all of the conditions for recognition pursuant to IAS 38.57 are satisfied, if the research phase can be clearly distinguished from the development phase and material expenditure can be allocated to the individual project phases without overlap. On account of numerous interdependencies within development projects and uncertainty about whether some products will reach marketability, some of the conditions for recognition pursuant to IAS 38 are not currently satisfied. Development costs are consequently not capitalised.

- Determining the percentage of completion is subject to certain discretionary decisions with regard to calculating the contract costs yet to be incurred. The estimate is made conscientiously based on the knowledge available as of the end of the reporting period.

- Floating-rate investments are classified and measured at fair value through profit or loss. Further explanations are contained in note F. 8.

- The cost and present value of defined benefit obligations is determined using actuarial valuations. An actuarial valuation involves making various assumptions that can differ from actual developments in the future. These include the determination of the discount rates, future wage and salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting period.

- When determining provision amounts to be recognised, assumptions must be made on the probability that there will be an outflow of resources. These assumptions constitute the best estimate of the situation underlying the matter, but are subject to uncertainty because of the necessary use of assumptions. When measuring the provisions, assumptions also have to be made on the amount of the possible outflow of resources. A change in the assumptions can therefore lead to a difference in the amount of the provision. Thus the use of estimates also leads to uncertainties here.

Decisions based on estimates mainly relate to provisions for which the best estimate of the amount expected to be required to settle the obligation is recognised and to valuation allowances. Further explanations are contained in notes F. 6. and F. 13.

Share-based compensation

A limited group of employees was granted virtual stock options in the 2010 reporting period, i.e. share appreciation rights that can only be settled in cash (cash-settled transactions). These virtual stock options constitute a special form of performance-based remuneration that is linked to the development of the share price rather than the net income or loss for the year.

The costs resulting from cash-settled transactions were measured at fair value as of the grant date using a valuation model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured at the end of each reporting period. Changes in fair value are recognised in the employee benefits expense. The corresponding liability is reported in accrued liabilities.

E. Income statement

1. Revenue

The breakdown of revenue by business unit and region is presented in the segment reporting in note H. The revenue results from ordinary activities.

Revenue is essentially composed of the following income items:

in EUR k	2013	2012
CENIT consulting and service	55,631	56,697
CENIT software	12,791	12,311
Third-party software	50,248	49,194
Merchandise	251	652
Total	**118,921**	**118,854**

Revenue includes sales from construction contracts (PoC) totalling EUR 2,551 k (prior year: EUR 1,066 k). This income is subject to contract costs of EUR 1,569 k (prior year: EUR 581 k). This results in a profit from construction contracts of EUR 982 k (prior year: EUR 485 k).

2. Research and development costs

Pursuant to IAS 38, non-project-related development costs must be capitalised unless they are incurred for basic research, provided that the prerequisites of IAS 38.57 are fulfilled.

The Group was involved solely in non-project-related product development in 2013. The development costs incurred for the projects of EUR 6,780 k (prior year: EUR 6,394 k) were recognised as an expense in the reporting period.

3. Other operating income

Other operating income breaks down as follows:

in EUR k	2013	2012
Income from the cross-charging of marketing and administrative costs	136	131
Income from pre-school subsidy, investment subsidy	24	28
Income from sub-lets, including incidental costs	32	17
Income from insurance indemnification/damages	267	51
Income from foreign exchange rate gains	211	162
Income from the reversal of provisions	429	180
Income from receivables written off	0	69
Other income	123	135
Total	**1,222**	**773**

The income from exchange differences stemmed in particular from the translation of US dollars, Swiss francs and Japanese yen.

4. Cost of materials

This item contains the cost of purchased third-party software of EUR 38,045 k (prior year: EUR 36,191 k) and the cost of purchased services of EUR 8,856 k (prior year: EUR 9,853 k).

5. Personnel expenses

The disclosure essentially relates to salaries, voluntary social benefits, allocations to the provision for vacation, profit participations and management board bonuses as well as welfare expenses and pension costs.

in EUR k	2013	2012
Wages and salaries	40,406	40,379
Social security, pension and other benefit costs	7,322	7,077
Total	**47,728**	**47,456**

Pension costs mainly include employer contributions to statutory pension insurance. Statutory pension insurance in Germany is organised as a defined contribution plan. CENIT also offers its employees the option of making contributions to a pension trust fund or direct insurance by means of deferred compensation. For these defined contribution plans, the employer does not enter into any obligations. The value of future pension payments is based exclusively on the value of the contributions paid by the employer for the employees to the external welfare provider, including income from the investment of said contributions.

The Swiss LOB pension plans are designed as defined benefit plans in accordance with IAS 19. We refer to the comments in note F. 15.

An annual average (on a quarterly basis) of 674 (prior year: 665) persons were employed by the Group, plus 50 trainees (prior year: 41).

The number of employees as of the end of the reporting period came to 671 (prior year: 675). 566 of those were employed in Germany, 48 in other EU countries and 57 in other countries.

Personnel expenses comprise termination benefits totalling EUR 282 k (prior year: EUR 664 k). EUR 347 k (prior year: EUR 622 k) are reported under liabilities and EUR 2 k (prior year: EUR 55 k) under provisions as of the end of the reporting period, as they did not affect cash. The liabilities include severance payments of EUR 67 k from the 2012 reporting period.

6. Amortisation of intangible assets and depreciation of property, plant and equipment

Amortisation and depreciation is broken down in the statement of changes in non-current assets presented in notes F. 1. and F. 2.

7. Other operating expenses

in EUR k	2013	2012
Motor vehicle costs	1,572	1,667
Travel expenses	2,678	2,537
Advertising costs	1,228	1,424
Telecommunication and office supplies	728	799
Premises expenses	783	807
Rent and lease expenses	3,389	3,377
Exchange rate losses	236	186
Other personnel expenses	646	464
Legal and consulting fees	1,297	1,454
Commission	185	214
Training	584	536
Insurance	374	334
Repairs and maintenance	730	753
Payment of the supervisory board	72	72
Impairment losses and bad debts	28	76
Other	350	380
Total	**14,880**	**15,079**

8. Interest result

The total interest income and total interest expenses for financial assets and financial liabilities measured both at amortised cost and at fair value through profit or loss break down as follows:

in EUR k	2013	2012
Interest income from bank balances	97	117
Interest income from other financial assets	0	24
Interest income from business taxes	1	13
Total interest income	**98**	**154**
Utilisation of credit lines and guarantees	12	9
Interest expenses for business taxes	8	7
Interest expenses from unwinding of the discount on accrued liabilities	17	44
Net interest from the measurement of pension obligations	12	0
Total interest expenses	**49**	**60**
Interest result	**49**	**94**

9. Earnings from financial instruments at fair value through profit or loss

There were no gains or losses from securities measured at fair value in the reporting period (prior year: EUR 24 k). In the prior year the net profit corresponded to the net interest (prior year: EUR 24 k).

10. Income taxes

Income taxes contain German corporate income tax including solidarity surcharge and trade tax. Comparable taxes of foreign subsidiaries are also shown in this item.

Expenses from income taxes break down as follows:

in EUR k	2013	2012
Current tax expense	2,689	3,237
Change in deferred taxes	-188	-545
Total	**2,501**	**2,692**

The current tax expense includes expenses of EUR 236 k relating to other periods (prior year: EUR 10 k).

Deferred taxes are calculated using the individual company tax rate. These are as follows:

in %	2013	2012
CENIT	30.00	30.00
CENIT CH	22.00	22.00
CENIT NA	34.00	34.00
CENIT RO	16.00	16.00
CENIT F	33.00	33.00
CENIT J	39.43	25.00

We refer to note F. 4. with respect to the change in deferred taxes. The expected tax burden on the taxable profit is 30% as of the end of the reporting period (prior year: 30%) and is calculated as follows:

in %	2013	2012
Trade tax at a rate of 404.9% (prior year: 404.9%)	14.17	14.17
Corporate income tax of 15.0% (prior year: 15.0%)	15.00	15.00
Solidarity surcharge (5.5% of corporate income tax)	0.83	0.83
Effective tax rate	**30.00**	**30.00**

The difference between the current tax expense and the theoretical tax expense that would result from a tax rate of 30% (prior year: 30%) for CENIT AG breaks down as follows:

in EUR k	2013	2012
Net profit or loss for the period before taxes (EBT)	8,380	8,111
Theoretical tax expense based on a tax rate of 30% (prior year: 30%)	-2,514	-2,433
Non-deductible expenses	-89	-88
Tax-free income	210	-9
Recognition of deferred tax assets	7	-86
Allowances on deferred tax assets (due to the use of unused tax losses)	0	69
Effects of different tax rates within the Group and tax rate changes	-110	-109
Non-deductible/creditable taxes	5	-38
Other	-10	2
Income tax expense according to the consolidated income statement	-2,501	-2,692
Tax rate	29.8%	33.2%

11. Earnings per share

Earnings per share are calculated in accordance with the rules in IAS 33 Earnings per Share by dividing the group earnings by the weighted average number of shares outstanding during the reporting period. Basic earnings per share do not take into account any options, and are calculated by dividing the net earnings attributable to shares after non-controlling interests by the average number of shares. Earnings per share are diluted if, in addition to ordinary shares, equity instruments are issued from capital stock that could lead to a future increase in the number of shares. Options or warrants are taken into account only if the average share price for the ordinary shares during the reporting period exceeds the strike price of the options or warrants. This effect is calculated and stated accordingly.

The following reflects the underlying amounts used to calculate the basic and diluted earnings per share:

in EUR k	2013	2012
Net profit/loss attributable to ordinary shareholders of the parent	5,879	5,419
Weighted average number of ordinary shares used to calculate basic earnings per share	8,367,758	8,367,758

No treasury shares were held as of the end of the reporting period.

There have been no other transactions involving ordinary shares or potential ordinary shares between the end of the reporting period and the date of preparing the consolidated financial statements. Based on IAS 33.49, basic and diluted earnings per share total EUR 0.70 (prior year: EUR 0.65).

12. Dividends paid and proposed

Dividends declared and paid during the reporting period:

in EUR k	2013	2012
Dividends on ordinary shares:		
Final dividend for 2012: EUR 0.55 (2011: EUR 0.30)	4,602	2,510

On 16 May 2014, the management board and supervisory board will propose to the shareholder meeting that a dividend of EUR 0.35 per share be distributed from the retained earnings.

in EUR k	2013	2012
Dividends on ordinary shares:		
Final dividend for 2013: EUR 0.35 (prior year: EUR 0.55)	2,929	4,602

The payment of dividends by CENIT AG to the shareholders does not have any income tax implications for CENIT AG.

F. Statement of financial position

1. Intangible assets

Intangible assets developed as follows in 2013:

in EUR k	Software and licenses in such rights and assets	Customer base	Order backlog	Payments on account	Total
Cost					
As of 1 January 2013	**2,244**	**6,254**	**0**	**0**	**8,498**
Exchange difference	-2	-30	0	0	-32
Additions	563	0	0	234	797
Disposals	36	0	0	0	36
As of 31 December 2013	**2,769**	**6,224**	**0**	**234**	**9,227**
Accumulated amortisation					
As of 1 January 2013	**1,593**	**2,828**	**0**	**0**	**4,420**
Exchange difference	-1	-9	0	0	-10
Additions	437	796	0	0	1,233
Disposals	36	0	0	0	36
As of 31 December 2013	**1,993**	**3,615**	**0**	**0**	**5,608**
Net carrying amounts	**776**	**2,609**	**0**	**234**	**3,619**
Cost					
As of 1 January 2012	**2,678**	**6,242**	**95**	**0**	**9,015**
Exchange difference	-1	12	2	0	13
Additions	353	0	0	0	353
Disposals	786	0	97	0	883
As of 31 December 2012	**2,244**	**6,254**	**0**	**0**	**8,498**
Accumulated amortisation					
As of 1 January 2012	**1,935**	**1,462**	**69**	**0**	**3,465**
Exchange difference	0	1	1	0	2
Additions	399	870	27	0	1,296
Impairments recorded in profit or loss	45	495	0	0	540
Disposals	786	0	97	0	883
As of 31 December 2012	**1,593**	**2,828**	**0**	**0**	**4,420**
Net carrying amounts	**651**	**3,426**	**0**	**0**	**4,078**

Amortisation was reported in the income statement under amortisation of intangible assets and depreciation of property, plant and equipment.

The customer base from purchase accounting of cad scheffler GmbH has a remaining amortisation period of one year as of the end of the reporting period. The residual carrying amount as of the end of the reporting period totals EUR 199 k.

The customer base from purchase accounting of conunit GmbH has a remaining amortisation period of 6.5 years as of the end of the reporting period. The residual carrying amount as of the end of the reporting period totals EUR 1,534 k. In addition, software acquired as part of the business combination was capitalised which has a residual carrying amount of EUR 138 k as of the end of the reporting period. The remaining amortisation period also amounts to 6.5 years.

The customer base from purchase accounting of Transcat PLM AG has a remaining amortisation period of two years and five months as of the end of the reporting period. As of the end of the reporting period, this customer base has a residual carrying amount of EUR 876 k.

Impairment losses

There were no indications of impairment in the current 2013 reporting period.

2. Property, plant and equipment

Property, plant and equipment developed as follows in 2013:

in EUR k	Buildings including buildings on third-party land	Plant and machinery	Furniture and fixtures	Payments on account	Total
Cost					
As of 1 January 2013	**1,831**	**6,157**	**929**	**0**	**8,918**
Exchange difference	-5	-12	-5	-1	-23
Additions	9	324	159	28	520
Reclassification	0	9	0	-9	0
Disposals	27	222	143	0	392
As of 31 December 2013	**1,809**	**6,247**	**940**	**27**	**9,023**
Accumulated depreciation					
As of 1 January 2013	**972**	**4,096**	**683**	**0**	**5,751**
Exchange difference	-1	-7	-4	0	-12
Additions	62	846	186	0	1,094
Disposals	27	207	143	0	377
As of 31 December 2013	**1,006**	**4,728**	**722**	**0**	**6,456**
Net carrying amounts	**803**	**1,519**	**218**	**27**	**2,567**
Cost					
As of 1 January 2012	**1,672**	**8,261**	**1,089**	**44**	**11,067**
Exchange difference	-2	-6	-4	0	-12
Additions	190	1,438	297	0	1,925
Reclassification	44	0	0	-44	0
Disposals	73	3,536	453	0	4,062
As of 31 December 2012	**1,831**	**6,157**	**929**	**0**	**8,918**
Accumulated depreciation					
As of 1 January 2012	**987**	**6,737**	**892**	**0**	**8,616**
Exchange difference	-1	-5	-3	0	-9
Additions	59	895	237	0	1,191
Disposals	73	3,531	443	0	4,047
As of 31 December 2012	**972**	**4,096**	**683**	**0**	**5,751**
Net carrying amounts	**859**	**2,061**	**246**	**0**	**3,167**

3. Investment in an associate

CENIT AG holds a share of 33.3% in CenProCS AIRliance GmbH, an entity domiciled in Stuttgart. This entity specialises in providing packaged services in the field of IT, as well as coordinating and marketing said services.

The share of the assets, liabilities, revenue and earnings of the associate that is included in the consolidated financial statements as of 31 December 2013 breaks down as follows:

in EUR k	2013	2012
Current assets	2,324	1,983
Non-current assets	0	0
Current liabilities	-2,273	-1,932
Non-current liabilities	0	0
Net assets	**51**	**51**
Revenue	7,540	7,193
Earnings	0	0
Carrying amount of the investment	**54**	**54**

As of 31 December 2013, CenProCS AIRliance reported a profit of EUR 0 k (prior year: EUR 0 k).

4. Deferred taxes

The recognition and measurement differences determined between the profit in the tax accounts and the financial statements under German commercial law as well as the adjustments of the financial statements under German commercial law of the consolidated entities to IFRS led to deferred taxes of the following amounts in the following items:

in EUR k	Deferred tax assets		Deferred tax liabilities	
	31 Dec. 2013	31 Dec. 2012	31 Dec. 2013	31 Dec. 2012
Deferred tax assets on unused tax losses	75	68	0	0
Property, plant and equipment	0	6	33	44
Intangible assets	0	0	754	1,026
General valuation allowance	0	0	49	65
Receivables from service agreements	0	0	300	144
Other provisions and accrued liabilities	173	186	0	0
IAS 19 pension obligations	126	159	0	0
Consolidation procedures	15	4	6	29
Total	**389**	**423**	**1,142**	**1,308**
Netting	-300	-369	-300	-369
Total	**89**	**54**	**842**	**939**

The change in deferred taxes on actuarial gains/losses from defined benefit obligations recognised in other comprehensive income of EUR -48 k (prior year: EUR 108 k) was recognised in other comprehensive income. The other changes in deferred tax assets and liabilities had an effect on income in the reporting year and in the prior year.

As of 31 December 2013, no deferred income tax payables for taxes on untransferred profits were recognised (outside basis differences). As of the end of the reporting period, the latter amount to EUR 62 k (prior year: EUR 56 k).

As of the end of the reporting period, the Group had unused tax losses of EUR 191 k (prior year: EUR 274 k) for which deferred tax assets of EUR 75 k (prior year: EUR 68 k) were recognised. These relate to CENIT Japan. If business volume expands profitably, it is assumed that this deferred tax asset can be realised in future periods.

5. Inventories

in EUR k	31 Dec. 2013	31 Dec. 2012
Merchandise (measured at cost)	0	88
Payments on account made	4	0
Total	**4**	**88**

Write-downs to the net realisable value were recorded in the 2013 reporting period at a figure of EUR 73 k (prior year: EUR 0 k).

6. Receivables

Trade receivables totalling EUR 14,811 k (prior year: EUR 16,398 k) are due from third parties, as well as EUR 3,455 k (prior year: EUR 3,502 k) from associates.

Receivables include receivables from construction contracts (PoC) totalling EUR 2,551 k (prior year: EUR 1,066 k). Contract costs of EUR 1,569 k (prior year: EUR 581 k) were incurred on these receivables. This results in a profit from construction contracts of EUR 982 k (prior year: EUR 485 k). Payments on account received for receivables from construction contracts amounted to EUR 3,950 k (prior year: EUR 2,119 k). Because these are payments on account and not progress billings based on the stage of completion, they are reported as other liabilities in the statement of financial position.

Customers are usually granted a payment term of 30 days. No interest was charged. Specific valuation allowances not tied to any periods were recognised for specific default risks (settlement, insolvency). As of the end of the reporting period, specific valuation allowances were recognised for EUR 6 k of trade receivables (prior year: EUR 2 k).

The age structure of trade receivables and receivables from associates was as follows at the end of the reporting period:

in EUR k	TOTAL	thereof: impaired	thereof: neither past due nor impaired at the end of the reporting period	thereof: past due but not impaired			
				less than 30 days	between 30 and 60 days	between 61 and 90 days	between 91 and 180 days
2013	18,272	6	14,000	3,158	675	176	263
2012	19,902	2	15,253	4,345	243	20	39

The ten largest accounts receivable account for a receivables balance of EUR 4,317 k as of the end of the reporting period. This represents a share of 29.1%. The credit quality of the receivables as of the end of the reporting period which were neither past due nor impaired is seen as appropriate. There are no indications of impairment. The credit ratings of the debtors are monitored on an ongoing basis.

As of the end of the reporting period, EUR 6 k of trade receivables was impaired (prior year: EUR 2 k). The allowance account developed as follows:

in EUR k	Individually determined to be impaired
As of 1 January 2012	5
Addition (+)/reversal (-)	-3
As of 31 December 2012	2
Addition (+)/reversal (-)	4
As of 31 December 2013	**6**

When testing trade receivables for impairment, any change in the credit rating that has occurred by the end of the reporting period since the payment term was granted is taken into account. There is no notable concentration of credit risk, as the customer base is diverse and there is no overlapping.

There are no trade receivables due in more than one year that are reported under non-current assets.

A breakdown of receivables by country is as follows:

in EUR k	31 Dec. 2013	31 Dec. 2012
Germany	14,906	16,732
Rest of Europe	1,345	1,670
Rest of the world incl. USA	2,015	1,498
Total	**18,266**	**19,900**

7. Other receivables

Other receivables break down as follows:

in EUR k	31 Dec. 2013	31 Dec. 2012
Receivables from staff	1	0
Receivables from deposits	52	67
Receivables from damages	50	0
Receivables from lessors	0	50
Repayment receivable	20	0
Accrued interest	0	35
Other	15	10
Total	**138**	**162**

Other receivables are short term, not past due and not impaired.

Non-current assets include receivables from damages of EUR 157 k with a maturity of more than one year.

8. Other financial assets at fair value through profit or loss

Debenture bonds of EUR 2,000 k are reported under non-current assets. These were categorised as measured at fair value on addition. The fair value constitutes a price that can be observed on the market.

This financial instrument was put in the category 'at fair value through profit or loss'. Gains or losses were recognised in profit or loss.

As of the end of the reporting period, no material default risks were identifiable. The maximum credit risk possible corresponds to the carrying amount reported.

9. Income tax assets

The long-term income tax receivables relate to the capitalised corporate income tax credit. This is recognised at its present value. The present value was determined using a discount rate of 4.0%.

The short-term current income tax receivables of EUR 745 k in total (prior year: EUR 454 k) mainly relate to claims for prepayments for corporate income tax, trade tax of EUR 648 k in total (prior year: EUR 358 k) and income tax assets from double tax treaties amounting to EUR 3 k (prior year: EUR 2 k) as well as the short-term portion of capitalised corporate income tax credits of EUR 94 k (prior year: EUR 94 k).

10. Cash and cash equivalents

Cash and cash equivalents break down as follows:

in EUR k	31 Dec. 2013	31 Dec. 2012
Bank balances	26,623	23,769
Cash on hand	9	10
Total	**26,632**	**23,779**

Bank balances earn interest at the floating rates based on daily bank deposit rates. The fair value of cash amounts to EUR 26,632 k (prior year: EUR 23,779 k).

The Group has credit lines of EUR 2,800 k as of the end of the reporting period (prior year: EUR 2,800 k). Of this amount, there is still a figure of EUR 1,300 k that can be availed of either as a loan or as a guarantee. The Group utilised EUR 703 k of this amount as a guarantee as of the end of the reporting period. There is also a further guarantee of EUR 358 k, EUR 122 k of which was utilised.

Cash is a component of cash and cash equivalents pursuant to IAS 7. The composition of cash and cash equivalents is presented in note G.

11. Prepaid expenses

Prepaid expenses break down as follows:

in EUR k	31 Dec. 2013	31 Dec. 2012
Prepaid maintenance fees	4,735	4,066
Prepaid rights of use and car insurance	1,103	870
Total	**5,838**	**4,936**

The prepaid maintenance fees involve prepayments by the CENIT Group for the 2014 period that will be recorded as expenses in the following year.

12. Equity

Capital stock

Since the resolution adopted on 13 June 2006 to increase capital from company funds and entry in the commercial register on 14 August 2006, the capital stock of the Company amounts to EUR 8,367,758.00 and is fully paid in. It is split into 8,367,758 no-par value shares of EUR 1.00 each (prior year: 8,367,758 no-par value shares of EUR 1.00 each). The shares are bearer shares and are no-par value common shares only.

The Company still holds no treasury shares.

Authorised capital

The management board is authorised, with the approval of the supervisory board, to increase the capital stock by up to EUR 4,183,879.00 in total by 25 May 2016 by issuing on one or more occasions new no-par value bearer shares in return for cash contributions or contributions in kind (authorised capital 2011). The number of shares must increase in direct proportion to the increase in capital stock. The shareholders must be given a subscription right. The new shares can also be assumed by one bank or by several banks with the obligation to offer them to the Company's shareholders for purchase.

However, the management board is authorised, with the approval of the supervisory board, to preclude the shareholders' statutory subscription right in the following cases:

a. The management board is authorised, with the approval of the supervisory board, to preclude any fractional shares from the shareholders' subscription right.

b. The management board is authorised, with the approval of the supervisory board, to preclude the shareholders' subscription right in the event of a capital increase in return for a contribution in kind if the contribution in kind is made with the purpose of acquiring companies, parts of companies and/or equity investments in companies or in the course of business combinations.

c. The management board is authorised, with the approval of the supervisory board, to preclude the shareholders' subscription right in the event of a capital increase in return for a cash contribution if the capital increases passed on the basis of this approval do not exceed a total of 10% of the existing capital stock as of the date of the resolution by the shareholder meeting or as of the date on which the approval is exercised, whichever is lower, and if the issue amount is not substantially less than the quoted market price The maximum limit of 10% of the capital stock is reduced by the proportionate amount of the capital stock accounted for by those treasury shares of the Company that were sold during the term of the authorised capital with exclusion of the subscription right of the shareholders in accordance with Sec. 71 (1) No. 8 Sentence 5 AktG and Sec. 186 (3) Sentence 4 AktG.

The total number of shares issued based on this authorisation in return for cash contributions and contributions in kind with exclusion of the subscription right cannot exceed a proportionate amount of capital stock of EUR 1,673,551 (20% of current capital stock). The management board is authorised, subject to approval of the supervisory board, to decide on further details of the capital increase and the conditions of the share issue.

The supervisory board is authorised to adjust the version of Article 5 of the articles of incorporation and bylaws after partial or full implementation of the increase in capital stock in accordance with the respective utilisation of the authorised capital.

Notes on the components of equity

The capital reserves contain the share premium realised from issuing shares of the parent company in excess of their nominal value. If the legal reserve and the capital reserves pursuant to Sec. 272 (2) Nos. 1 to 3 HGB together do not exceed a tenth of the capital stock or any higher amount stipulated in the articles of incorporation and bylaws, they may only be used in accordance with Sec. 150 AktG to offset a net loss for the year or a loss carryforward that is not covered by net income for the year or a profit carryforward respectively, and cannot be offset by releasing other revenue reserves. The capital reserves were last increased in the 2007 reporting period by EUR 195 k by pro rata posting of the stock options granted under the stock option plan 2002/2006.

Other revenue reserves and the legal reserve pursuant to Sec. 150 AktG contain the profits transferred to reserves.

The unrealised gains/losses from defined benefit obligations included in other revenue reserves developed as follows in the 2013 reporting period:

in EUR k	
As of 1 January 2013	503
Addition/disposal	-217
Deferred taxes	47
As of 31 December 2013	**333**

The currency translation reserve contains the net differences resulting from translation of the subsidiaries’ financial statements to the Group’s functional currency that are offset against equity.

As of the end of the reporting period, there are no non-controlling interests in equity.

13. Current income tax liabilities and other provisions

in EUR k	31 Dec. 2013	31 Dec. 2012
Current income tax liabilities	621	1,540
Other provisions	113	166
Total	**734**	**1,706**

Other provisions include the expenses for the shareholder meeting of EUR 75 k (prior year: EUR 90 k), payment obligations from the return of leased vehicles amounting to EUR 36 k (prior year: EUR 21 k) and provisions from personnel-related measures of EUR 2 k (prior year: EUR 55 k). The provisions are measured based on a best estimate of the settlement amount needed. There are estimation uncertainties surrounding the amount of the cash outflow.

The current income tax liabilities developed as follows:

in EUR k	
As of 1 January 2013	1,540
Utilisation	-1,070
Reversal	163
Addition	314
As of 31 December 2013	**621**

The other provisions cover all identifiable obligations to third parties in accordance with IAS 37. They developed as follows:

in EUR k	Shareholder meeting	Return of vehicles	Personnel-related measures	Total
As of 1 January 2013	**90**	**42**	**55**	**187**
Utilisation	72	20	55	147
Reversal	18	0	0	18
Addition	75	35	2	112
As of 31 December 2013	**75**	**57**	**2**	**134**
of which non-current	0	20	0	20
of which current	75	37	2	114

The provisions will mainly be used in the following reporting period. Due to the volume involved, long-term provisions are reported under other liabilities.

14. Trade payables and liabilities to associates

The liabilities are subject to customary retentions of title to the delivered goods.

in EUR k	31 Dec. 2013	31 Dec. 2012
Trade payables to third parties	4,028	4,156
Liabilities to associates	37	20
Total	**4,065**	**4,176**

Of the total liabilities, EUR 4,065 k is due within one year (prior year: EUR 4,176 k). These are not subject to interest.

15. Other liabilities

Other current liabilities break down as follows:

in EUR k	31 Dec. 2013	31 Dec. 2012
VAT/wage tax payables	1,591	1,869
Liabilities for social security	81	146
Employer's liability insurance, compensatory levy in lieu of employing severely disabled persons	222	213
Vacation and bonus entitlements	2,890	3,083
Long-service awards	54	51
Personnel adjustment measures	447	722
Supervisory board compensation	68	68
Outstanding purchase invoices	1,003	829
Payments on account received	3,950	2,119
Stock appreciation rights	40	51
Other	1,084	1,086
Total	**11,430**	**10,237**

The future payment obligations from “virtual” stock options (stock appreciation rights) stem from the issue of virtual options for 10,000 shares each (a total of 10,000: prior year 20,000) in CENIT AG at a subscription price of EUR 5.50 to the participants. Exercise of the options is subject to a lock-up period of three years; the total term of the options is five years with an average remaining term of 1.5 years. In addition, it is only possible to exercise the options if the share price exceeds EUR 8.00. The fair value was calculated using a simplified Black-Merton-Scholes model. This model cannot be used to depict expected future dividends and additional vesting conditions. However, due to the amount of the fair value, this is seen as appropriate. Expected volatility of around 44% (prior year: roughly 40%) was taken as a base in calculating the fair value. This is consistent with the historical volatility. An interest rate in the region of 0.1% (prior year: around 1.0%) with a similar term was used as the risk-free interest rate. In the past year, 10,000 virtual stock options were exercised at an average price of EUR 9.36. The fair value of the virtual options totals roughly EUR 48 k (prior year: EUR 50 k). This amount is accumulated pro rata temporis over the lock-up period and recognised as a personnel expense of EUR 22 k.

Other long-term liabilities break down as follows:

in EUR k	31 Dec. 2013	31 Dec. 2012
Long-service awards	312	290
Pension obligations	574	725
Long-term management board remuneration	442	322
Other	89	67
Total	**1,417**	**1,404**

The long-service awards total EUR 366 k. Of this figure, EUR 312 k is reported in long-term and EUR 54 k in short-term other liabilities. There are no written commitments to the employees for the long-service awards. These were recognised as liabilities on account of the payment method and the resulting indication of company practise.

16. Pension plans

Defined contribution plans

The Group offers all employees in Germany with an unterminated and permanent employment relationship the possibility to participate in an employer-funded pension scheme. CENIT voluntarily pays, with a right of revocation, a pre-defined fixed amount each month into a defined contribution pension insurance policy of an insurance firm. This resulted in expenses of EUR 171 k (prior year: EUR 38 k) for CENIT in the reporting period.

In addition, for all employees in Germany there is a defined contribution plan as part of German statutory pension insurance. The employer has to pay an applicable contributory rate of currently 9.45% (employer contribution) of the remuneration subject to pension contributions.

Defined benefit plans

The LOB old-age pension in Switzerland is designed as a defined benefit plan pursuant to IAS 19 and thus presented in the statement of financial position. Actuarial gains and losses are recognised in other comprehensive income according to the method chosen.

The following tables summarise the components of net benefit expense recognised in the income statement and amounts recognised in the statement of financial position for the respective plans.

The total obligation recognised in the statement of financial position from the defined benefit plans is as follows:

in EUR k	2013	2012
Present value of the defined benefit obligation	4,463	4,104
Fair value of plan assets	3,889	3,379
Benefit liability	**574**	**725**

The net liability developed as follows:

in EUR k	2013	2012
Net liability as of 1 January	725	208
Net expense recognised	235	111
Contributions by the employer to the plan assets	-156	-112
Actuarial gains/losses	-217	516
Net foreign exchange difference	-13	2
Net liability as of 31 December	**574**	**725**

Changes in the present value of the defined benefit obligation are as follows:

in EUR k	2013	2012
Present value of defined benefit obligation as of 1 January	4,104	2,283
Current service cost	222	108
Interest expense	82	65
Contributions by plan participants	152	109
Actuarial gains/losses	-10	417
Benefits paid/reimbursed	-20	1,108
Net foreign exchange difference	-67	14
Present value of defined benefit obligation as of 31 December	**4,463**	**4,104**

The changes in fair value of the plan assets are as follows:

in EUR k	2013	2012
Fair value of plan assets as of 1 January	3,379	2,075
Expected return on plan assets	69	62
Actuarial gains/losses	207	-99
Contributions by the employer	156	112
Contributions by plan participants	152	109
Benefits paid	-20	1,108
Net foreign exchange difference	-54	12
Fair value of plan assets as of 31 December	**3,889**	**3,379**

All of the plan assets come from other investments. The total return expected on plan assets is calculated on the basis of past experience. This is reflected in the principal assumptions (see below). The actual return on plan assets came to EUR 277 k in total (prior year: EUR -37 k).

in EUR k	2013	2012
Current service cost	222	108
Interest expense	82	65
Expected return on plan assets	-69	-62
Net benefit expense	**235**	**111**

The Group expects to contribute EUR 157 k in total to its defined benefit pension plans in the 2014 reporting period.

Actuarial gains and losses recognised in other comprehensive income are as follows:

in EUR k	2013	2012
Cumulative amount recognised in revenue reserves as of 1 January	644	128
Amount recognised in the current year	-217	516
Cumulative amount recognised in revenue reserves as of 31 December	**427**	**644**

The principal assumptions used in determining the pension obligation are shown below:

%	2013	2012
Discount rate	2.0	2.0
Expected return on plan assets	2.0	2.0
Anticipated rate of salary increase	1.0	1.0

The amounts for the current and prior reporting period are as follows:

in EUR k	2013	2012	2011	2010
Present value of the defined benefit obligation	4,463	4,104	2,283	1,210
Plan assets	3,889	3,379	2,075	1,191
Deficit/surplus	-574	-725	-208	-19
Experience adjustments on plan liabilities	-148	93	-10	0
Experience adjustments on plan assets	207	-99	-138	0

The authoritative actuarial assumptions used to calculate the defined benefit obligation are the discount rate and the rate of salary increase. The sensitivity analyses presented below were carried out on the basis of the changes in the respective assumptions as of the end of the reporting period that are reasonably possible, with the other assumptions remaining unchanged in each case.

If the discount rate were to go up by 0.5% or down by 0.5%, the obligation would decrease by 4.5% and increase by 5% respectively.

If the rate of salary increase were to rise by 0.5% or drop by 0.5%, the obligation would increase by 0.5% or fall by 0.5% respectively.

17. Financial risk management objectives and policies

The aim of the disclosures required in accordance with IFRS 7 is to provide information relevant for decision making on the amount, timing and probability of occurrence of future cash flows that result from financial instruments, and to assess the risks resulting from financial instruments.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Apart from cash, financial assets primarily involve non-securitised receivables, such as trade receivables, loans and loan receivables, and securitised receivables, such as cheques, bills of exchange or debenture bonds. Financial assets can also include held-to-maturity investments and derivatives held for trading. Financial liabilities on the other hand generally give rise to a contractual obligation to return cash or other financial assets. These include in particular trade payables, liabilities to banks, bonds, liabilities on bills accepted and drawn as well as written options and derivative financial instruments with a negative fair value.

The Group's principal financial instruments, other than derivatives, comprise overdrafts and trade payables. The main purpose of these financial instruments is to finance the Group's business activities. The Group has various financial assets such as trade receivables, securities, cash and short-term deposits which arise directly from its business activities.

There are no significant differences between the carrying amount and fair value of receivables and liabilities due to their short term.

The Group is exposed to credit and liquidity risks as well as interest and exchange rate fluctuations in the course of its operations.

The general regulations for a group-wide risk policy are contained in the group guidelines. The group-wide risk policy also provides for the use of derivative financial instruments. The corresponding financial transactions are only concluded with counterparties with excellent credit ratings.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk and other price risks, such as the equity price risk. The Group does not envisage any material market price risk. For the other market risks listed above, we refer to the following comments.

Credit risk

The credit risk results from the possibility that business partners may fail to meet their obligation under financial instruments and that financial losses could be incurred as a result.

The Group obtains credit ratings from external agencies before accepting a new customer in order to assess the credit worthiness of prospective customers and define their credit limits.

Credit ratings for major new customers are made by Creditreform e.V. For new and existing customers, the credit risk is reduced among other things by issuing invoices for down payments. The payment behaviour of existing customers is analysed on a constant basis. In addition, the credit risk is controlled using limits for each contractual party, which are examined annually.

No credit rating is carried out for contracts won by our contractual partners, since this is already done at contractual partner level.

In addition, receivable balances are monitored by us on an ongoing basis, with the result that the Group's exposure to risk of default is not significant.

As we do not conclude any general netting agreements with our customers, the sum of the amounts reported under assets also represents the maximum credit risk. There are no identifiable concentrations of credit risk from business relationships with single debtors or groups of debtors. With respect to the other financial assets of the Group, such as cash and cash equivalents, the Group's maximum exposure to credit risk arising from default of the counterparty is equal to the carrying amount of these instruments.

In addition to customary retention of title, the Group does not have any collateral or other credit enhancement measures that would reduce this default risk.

Currency risk

The currency risk exposure mainly arises where receivables or liabilities exist or will be generated in the ordinary course of business in a currency other than the local currency of the Company.

Foreign currency receivables and liabilities which could give rise to currency risks are not material for the Group.

In addition, there are currency risks from domestic bank balances denominated in USD. The resulting risks amount to EUR 2 k (prior year: EUR 1 k) with a total volume of USD 19 k (prior year: USD 16 k) and a change of +/- 10%. The risk from cash on hand is considered immaterial on the whole. The currency risk from other bank balances mainly involves figures of CHF 3,929 k (prior year: CHF 2,375 k) and USD 3,195 k (prior year: USD 2,012 k) and amounts to EUR 551 k (prior year: EUR 349 k) with a change of +/- 10%.

There are no other risks from foreign currencies.

Interest rate risk

The Group is generally not exposed to any risk from changes in market interest rates because it has not borrowed any non-current financial liabilities with floating interest rates. The Group only sees an interest rate risk from investing cash and cash equivalents. This risk is not deemed material. With average cash and cash equivalents of EUR 30,880 k, this would result in an effect on profit of EUR +/- 309 k if the interest rate were to fluctuate by +/- 1%.

The CENIT Group's policy is to manage its interest income using a mix of fixed and floating-rate investments. The Group uses financial instruments where necessary to achieve this goal.

As of the end of both reporting periods, there were no derivative financial instruments for hedging against interest risks.

Liquidity risk

The Group needs sufficient liquidity to meet its financial obligations. Liquidity risks arise from the possibility that customers may not be able to settle obligations to the Group under normal trading conditions. The Group manages liquidity risk by maintaining adequate reserves, credit lines from banks and by constantly monitoring forecast and actual cash flows and reconciling the maturity profiles of financial assets and liabilities. The credit rating of the Group allows sufficient cash to be procured. Moreover, the Group has lines of credit that have not yet been used.

Thanks to the large amount of cash and cash equivalents and highly liquid securities, there are currently no liquidity or refinancing risks at group level.

The financial liabilities all fall due within a maximum of one year.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and a maximum equity ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group can adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies and methods as of 31 December 2013 and 31 December 2012.

The Group monitors its capital in relation to total assets. Equity includes the equity attributable to shareholders of the parent. Total assets comprise the total assets reported in the consolidated statement of financial position (in accordance with IFRS).

in EUR k	31 Dec. 2013	31 Dec. 2012
Total assets	60,359	59,000
Equity attributable to shareholders of the parent company	35,930	34,648
Equity as a percentage of total assets (%)	**59.5**	**58.7**

18. Financial instruments

The table below shows the carrying amounts and fair values of all of the Group's financial instruments included in the consolidated financial statements.

in EUR k	Carrying amount 2013	Carrying amount 2012	Fair value 2013	Fair value 2012
Financial assets				
Cash and cash equivalents	26,632	23,779	26,632	23,779
Other financial assets at fair value through profit or loss	2,000	2,000	2,000	2,000
Loans and receivables	18,561	20,062	18,561	20,062
thereof:				
• Trade receivables	14,811	16,398	14,811	16,398
• Receivables from an associate	3,455	3,502	3,455	3,502
• Other receivables	138	162	138	162
	47,193	**45,841**	**47,193**	**45,841**
Financial liabilities				
Other financial liabilities	4,065	4,176	4,065	4,176
thereof:				
• Trade payables	4,028	4,156	4,028	4,156
• Liabilities to an associate	37	20	37	20
	4,065	**4,176**	***4,065***	**4,176**

The fair value of the financial assets and financial liabilities corresponds to their carrying amount at amortised cost because they are current assets and liabilities only. The fair value of financial assets measured at fair value results from the observable prices on the market.

G. Statement of cash flows

The statement of cash flows shows how the cash and cash equivalents of the CENIT Group changed during the course of the reporting period and the prior year as a result of cash inflows and outflows. Cash flows were broken down into cash flow from operating, investing and financing activities in accordance with IAS 7. The amounts reported from foreign entities are generally translated at the annual average rates. However, as in the statement of financial position, liquidity is reported at the closing rate. The foreign currency effects on cash are shown separately if they are material.

The cash flow from investing activities and financing activities is determined on the basis of payments made or received. The cash flow from operating activities, on the other hand, is derived indirectly from the Group’s net income or loss for the year. When performing the indirect calculation, changes in items in the statement of financial position considered in connection with ordinary activities are adjusted for effects from currency translation and changes in the consolidated group. There are therefore differences compared to changes in the relevant items in the consolidated statement of financial position.

Investments in property, plant and equipment, intangible assets and financial assets are included in the cash outflow from investing activities. Of the total investments, a figure of EUR 91 k was non-cash.

Only assets that can be converted into cash without significant deductions and that are subject to minor fluctuations in value are included in cash and cash equivalents.

Cash and cash equivalents include all cash and cash equivalents reported in the statement of financial position provided they have an original maturity of less than three months. As of the end of the reporting period, cash and cash equivalents break down as follows:

in EUR k	31 Dec. 2013	31 Dec. 2012
Bank balances	26,623	23,769
Cash on hand	9	10
Cash and cash equivalents	**26,632**	**23,779**

Deferred tax assets increased from EUR 54 k in the prior year to EUR 89 k. Deferred tax liabilities decreased by EUR 97 k from EUR 939 k to EUR 842 k.

H. Segment reporting

Pursuant to IFRS 8, business segments must be demarcated based on the internal reporting from group divisions that are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its products and services, and has two reportable operating segments as follows:

- EIM (Enterprise Information Management)
- PLM (Product Lifecycle Management)

The presentation is based on internal reporting.

The PLM (Product Lifecycle Management) segment focuses on industrial customers and the corresponding technologies. Its industry focus is on the automotive, aerospace, mechanical engineering and shipbuilding industries. Special emphasis is placed on products and services in product lifecycle management, such as CATIA from Dassault or SAP, and internally developed software such as cenitCONNECT and FASTSUITE. The Enterprise Information Management (EIM) segment focuses on the customer segment of trade and commerce, banks, insurance firms and utilities. The focus here is on products of the strategic software partner IBM and internally developed software and consultancy services in the fields of document management and business intelligence.

In the segmentation by business unit and by region, those financial assets and tax reimbursement rights as well as current and deferred income tax liabilities and other liabilities are disclosed in the reconciliation column for segment assets and segment liabilities respectively that could not be attributed to the respective business units.

The segmentation by region is based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of the customer of the individual segment.

In the 2013 reporting period, 12% of sales was recorded with a single customer (prior year: 12%). These sales are attributable first and foremost to the PLM segment.

SEGMENT REPORTING BY BUSINESS UNIT (in accordance with IFRS)
for the period from 1 January 2013 to 31 December 2013

in EUR k		EIM	PLM	Reconciliation	Group
External revenue	2013	28,135	90,786	0	118,921
	2012	29,068	89,786	0	118,854
EBIT	2013	1,014	7,318	0	8,331
	2012	407	7,610	0	8,017
Share of profit of the associate	2013	0	0	0	0
	2012	0	0	0	0
Other interest result and financial result	2013	0	0	49	49
	2012	0	0	94	94
Income taxes	2013	0	0	2,501	2,501
	2012	0	0	2,692	2,692
Group earnings	2013	1,014	7,318	-2,452	5,879
	2012	407	7,610	-2,598	5,419
Segment assets	2013	10,258	20,314	29,733	60,305
	2012	8,873	23,458	26,615	58,946
Investment in an associate	2013	0	54	0	54
	2012	0	54	0	54
Segment liabilities	2013	6,848	16,117	1,464	24,429
	2012	7,191	14,677	2,483	24,351
Investments in property, plant and equipment and intangible assets	2013	331	895	0	1,226
	2012	726	1,552	0	2,278
Amortisation and depreciation	2013	706	1,598	0	2,303
	2012	1,365	1,662	0	3,027

EIM = Enterprise Information Management; PLM = Product Lifecycle Management

The segmentation by region is shown below:

SEGMENT REPORTING BY COUNTRY (in accordance with IFRS)
for the period from 1 January 2013 to 31 December 2013

in EUR k		Germany	Switzer-land	North America	Romania	France	Japan	Reconcil-iation	Consoli-dation	Group
External revenue	2013	98,444	10,050	8,802	994	0	631	0	0	118,921
	2012	97,717	10,678	8,879	940	33	608	0	0	118,854
Segment assets	2013	26,898	2,406	2,995	204	28	252	29,733	-2,211	60,305
	2012	28,614	3,328	2,263	133	126	475	26,615	-2,608	58,946
Investment in an associate	2013	54	0	0	0	0	0	0	0	54
	2012	54	0	0	0	0	0	0	0	54
Investments in property, plant and equipment and intangible assets	2013	1,098	17	54	41	14	2	0	0	1,226
	2012	2,130	27	60	42	20	0	0	0	2,278

The reconciliation of segment assets breaks down as follows:

in EUR k	31 Dec. 2013	31 Dec. 2012
Deferred tax assets	89	54
Long-term income tax receivable	250	328
Current income tax assets	745	454
Other financial assets (current and non-current)	2,000	2,000
Other receivables	17	0
Cash and cash equivalents	26,632	23,779
Total	**29,733**	**26,615**

The reconciliation of segment liabilities breaks down as follows:

in EUR k	31 Dec. 2013	31 Dec. 2012
Deferred tax liabilities	842	939
Current income tax liabilities	621	1,540
Other liabilities	1	4
Total	**1,464**	**2,483**

There were no material non-cash expenses in the reporting period or in the prior year except amortisation and depreciation and additions to provisions.

I. Other notes

1. Contingent liabilities and other financial obligations

As of the end of the reporting period there were no contingent liabilities that would require disclosure in the statement of financial position or in the notes.

The Company has other financial obligations in connection with rental and lease agreements. The resulting financial obligations have been taken into account in the table below:

in EUR k	2013	2012
Rental and lease obligations		
Due in less than 1 year	3,137	3,306
Due in 1 to 5 years	5,787	6,556
Due in more than 5 years	2,928	3,969
Total	**11,852**	**13,831**

Other financial obligations principally consist of tenancy obligations of EUR 9,376 k (prior year: EUR 10,783 k) entered into for the office building rented in Germany and vehicle lease agreements of EUR 1,605 k (prior year: EUR 1,864 k). The agreements include options to extend the terms and price escalation clauses as customary in the industry.

The company cars and communications equipment were also leased by means of lease agreements in order to guarantee that these are always up to date and to avoid tying up liquidity. These agreements result in cash outflows in future periods that are included in the above list.

No material income from sublease agreements is expected in future periods.

2. Related party disclosures

Related parties of the CENIT Group within the meaning of IAS 24 only concern the members of the management board and supervisory board, their dependants and associates.

Transactions with related parties were conducted by CENIT with one member of the supervisory board. This resulted in consulting expenses of EUR 44 k in the 2013 reporting period (prior year: EUR 32 k) due to CENIT and consulting expenses of EUR 1 k (prior year: EUR 1 k) due to an associate. The business was transacted at arm's length conditions. Furthermore, CENIT recorded sales with associates amounting to EUR 14,926 k (prior year: EUR 14,562 k).

As of the end of the reporting period, there were liabilities to related parties of EUR 51 k (prior year: EUR 24 k). The receivables from an associate are recognised separately in the statement of financial position.

The Company's management board members were:

- Dipl.-Ing. Kurt Bengel, Waiblingen, spokesman of the management board of CENIT AG. Responsible for: operations, investor relations and marketing.
- Dipl.-Wirt.-Ing. Christian Pusch, Waldachtal, member of the management board of CENIT AG until 31 January 2013. Responsible for: finance, organisation, personnel and marketing.
- Dipl.-Wirt.-Inf. Matthias Schmidt, Bad Liebenzell, member of the management board since 1 February 2013. Responsible for: finance, organisation and personnel.

The Company's supervisory board members were:

- Dipl.-Ing. Andreas Schmidt (independent management consultant), Ahrensburg, chairman
- Dipl.-Kfm. Hubert Leypoldt (independent German public auditor, tax advisor, legal counsel), Dettingen/Erms, deputy chairman
- Dip.-Ing. Andreas Karrer (Head of Department at CENIT Aktiengesellschaft, Stuttgart), Leinfelden-Echterdingen, employee representative

- In the reporting period, the remuneration of the management board members was as follows:

in EUR k	2013	2012
Kurt Bengel		
Fixed remuneration	245	245
Performance-based remuneration thereof relating to other periods: EUR 0 k (prior year: EUR 2 k)	125	121
Long-term incentive	127	121
Matthias Schmidt		
Fixed remuneration	194	0
Performance-based remuneration	101	0
Long-term incentive	118	0
Christian Pusch		
Fixed remuneration	141	248
Performance-based remuneration	73	121
Long-term incentive	0	16
Post-employment benefits	115	0
Total	**1,239**	**872**

A figure of EUR 22 k was expensed for the management board member who stepped down in the reporting period.

The variable remuneration component breaks down into a short-term and long-term component, with the short-term portion being paid out in the subsequent year. The long-term portion is paid out after three years provided that other criteria have been met. In additional, total annual remuneration is capped in each case to EUR 500,000.00.

The employment contracts of Mr. Schmidt and Mr. Bengel contain compensation payments pursuant to Sec. 74 HGB for the term of a one-year ban on competition and full remuneration paid to the surviving dependants of deceased management board members for a six-month period.

No further pension obligations or benefits were promised in the event of termination of service. In the event that the Company terminates the agreement before its expiry without good reason, the management board member receives a severance payment of no more than twice the annual fixed remuneration agreed in the agreement for the remainder of the employment agreement. In any case, no more than the remaining term of the employment agreement will be remunerated.

In accordance with Article 14 of the articles of incorporation and bylaws, the amounts paid to the supervisory board were as follows in 2013:

in EUR k	2013	2013	2012	2012
	Fixed	Performance-based	Fixed	Performance-based
Andreas Schmidt	30.0	0	30.0	0
Hubert Leypoldt	22.5	0	22.5	0
Andreas Karrer	15.0	0	15.0	0
Total amount	**67.5**	**0**	**67.5**	**0**

The D&O insurance was continued in 2013 for management board members, supervisory board members as well as other executives. The premiums of EUR 23 k (prior year: EUR 23 k) were borne by the Company.

The management board held 7,670 shares as of the end of the reporting period (0.09% of capital stock). The supervisory board held 194,392 shares, i.e. 2.32% of the Company's capital stock.

3. Changes at shareholder level

On 25 February 2013, the Company received notification in accordance with Sec. 21 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] from Axxion S.A.:

Axxion S.A., Munsbach, Luxembourg, informed us on 25 February 2013 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% of voting rights on 19 February 2013 and amounted to 2.93% on that date (corresponding to 245,949 voting rights).

In a letter dated 1 October 2013, the Invesco Advisers Group announced that its share of voting rights in CENIT exceeded the threshold of 3%.

Invesco Limited, Hamilton, Bermuda, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to Invesco Limited pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

Invesco Holding Company Limited, London, United Kingdom, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to Invesco Holding Company Limited pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

IVZ Incorporated, Atlanta, Georgia, USA, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to IVZ Incorporated pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

Invesco Group Services Inc., Atlanta, Georgia, USA, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to Invesco Group Services Inc. pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

IVZ UK Limited, London, United Kingdom, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to IVZ UK Limited pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

Invesco Management Group Inc., Atlanta, Georgia, USA, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to Invesco Management Group Inc. pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

Invesco North American Holdings Inc., Atlanta, Georgia, USA, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to Invesco North American Holdings Inc. pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

Invesco Advisers Incorporated, Atlanta, Georgia, USA, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to Invesco Advisers Incorporated pursuant to Sec. 22 (1), Sentence 1, No. 6 WpHG.

On 8 November 2013, the Company received notification in accordance with Sec. 21 (1) WpHG from Universal-Investment-Gesellschaft mbH:

Universal-Investment-Gesellschaft mbH, Frankfurt am Main, Germany, informed us on 8 November 2013 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% of voting rights on 5 November 2013 and amounted to 2.99% on that date (corresponding to 249,824 voting rights). 2.13% of the voting rights (corresponding to 177,857 voting rights) are allocable to the company pursuant to Sec. 22 (1), Sentence 1, No. 6 WpHG.

4. Audit and advisory fees of the auditor

in EUR k	2013	2012
Fees for the audit of the financial statements and consolidated financial statements	114	111
thereof relating to other periods	0	-8
Fees for other services	3	3
Total	**117**	**114**

5. Subsequent events

There were no events after the reporting period that could have a significant influence on the Group's financial position and performance.

6. Declaration pursuant to Sec. 161 AktG on the German Corporate Governance Code

The management board and supervisory board of the Company have issued the declaration for 2013 required by Sec. 161 AktG and made it available on the Company's homepage (www.cenit.de).

Stuttgart, 1 March 2014

CENIT Aktiengesellschaft

The Management Board

Kurt Bengel
(Spokesman of the Board)

Matthias Schmidt
(Member of the Board)

Audit Opinion

We have audited the consolidated financial statements prepared by the CENIT Aktiengesellschaft, Stuttgart, comprising the balance sheet, the statement of comprehensive income, the income statement, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the management report of the CENIT-group and the company for the fiscal year from January 1 to December 31, 2013. The preparation of the consolidated financial statements and the management report of the CENIT-group and the company in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to sec. 315a para. 1 HGB and the supplementary provisions of the articles of incorporation are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the management report of the CENIT-group and the company based on our audit.

We conducted our audit of the consolidated financial statements in accordance with sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the management report of the CENIT-group and the company are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report of the CENIT-group and the company are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial information of those components consolidated, the scope of the consolidation, the accounting and consolidation principles used and the significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the management report of the CENIT-group and the company. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to sec. 315a para. 1 HGB and the supplementary provisions of the articles of incorporation and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The management report of the CENIT-group and the company is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development."

Stuttgart, March 5, 2014

BDO AG
Wirtschaftsprüfungsgesellschaft

gez. Andreas Müller Wirtschaftsprüfer (German Public Auditor)	gez. ppa. Martin Helmich Wirtschaftsprüfer (German Public Auditor)

Corporate Governance Report

At CENIT AG, good corporate governance is a core component of enterprise management. The Management Board and Supervisory Board of CENIT AG welcome the model established by the German Corporate Governance Code and have resolved to widely implement and observe the regulations of the Code within CENIT Group. In this way, CENIT AG demonstrates the fact that responsible, value-oriented corporate governance, and its consistent monitoring, are accorded top priority within CENIT Group.

As a listed company, CENIT AG is aware that it is the shareholders who provide the necessary growth capital and thus also assume part of the entrepreneurial risk. Utmost transparency, open and timely communication with investors, efficient risk management, compliance with stock exchange rules, and an enterprise management that focuses on creating added value therefore all form important aspects of CENIT's enterprise philosophy.

Additionally, CENIT AG is subject to a number of strict reporting requirements due to its listed status on the Prime Standard of the regulated market. This means that CENIT AG already fulfills many of the recommendations of the German Corporate Governance Code.

Declaration of Conformity in Accordance with §161 AktG

The Management Board and the Supervisory Board of CENIT have issued the Declaration of Conformity with the Corporate Governance Code as prescribed by § 161 AktG [Stock Corporations Act] and have made it available on the Association's homepage (www.cenit.com)

Declaration on Corporate Governance

For the year 2013, the Management Board and Supervisory Board of the Association have issued the Declaration on Corporate Governance prescribed by § 289a HGB [Commercial Code] and have made it available on the internet homepage via the following link: www.cenit.de/corporate/investor-relations/corporate-governance.html. The Declaration on Corporate Governance (§ 289a HGB) includes the Declaration of Conformity, information on corporate governance practices, and a description of the operating principles of the Management and Supervisory Boards.

Operating Principles of the Management and Supervisory Boards

The Supervisory Board and the Management Board work in close cooperation for the greater benefit of the Association.

The Management Board informs the Supervisory Board in a regular, timely and comprehensive manner as to the course of business, the economic and financial development of CENIT, as well as on the risk situation, risk management, compliance matters, and fundamental matters of enterprise strategy. Decisions of a substantial nature require approval by the Supervisory Board.

The chief duty of the Supervisory Board is to advise and supervise the Management Board. Employee interests are properly represented by the employee representative who sits on the Supervisory Board. Supervisory Board sessions are held on a regular basis, and where required supplemented by telephone conferences. Due to the low number of Supervisory Board members, no committees were formed.

In filling management positions and taking other personnel decisions, the Supervisory and Management Boards are guided solely by the capabilities and qualifications of the available candidates, without according any special or elevated significance to gender.

The same is true for the selection of the members of the Association’s bodies. The selection process prioritizes aptitude and qualification. However, in the opinion of CENIT AG the special weighting of further criteria, as prescribed by the Code, would unduly restrict the selection of potential candidates for the Management/Supervisory Boards. The fact that the Management Board is currently composed of only two members and the Supervisory Board of three members also deserves mention in this context.

The Supervisory and Management Boards expressly welcome all endeavors that promote diversity and counteract discrimination on the basis of gender, or any other form of discrimination.

Supervisory Board

The Supervisory Board advises and supervises the Management Board. The Supervisory Board of CENIT AG is composed of three members. Two of these are elected by the General Meeting of Shareholders, and one by the employees of the enterprise. The Chairman of the Supervisory Board is elected from among its members.

The Supervisory Board appoints the members of the Management Board. It advises and supervises the Management Board in its management of the Association. Substantial decisions by the Management Board require Supervisory Board approval. Supervisory Board members are remunerated on a non-performance-related basis. During the reporting year, there were no changes in the composition of the Supervisory Board.

In accordance with § 14 of the Articles of Association, the members of the Supervisory Board received the following remuneration during the year 2013:

in EUR k	2013	2013	2012	2012
	Fixed	Performance-based	Fixed	Performance-based
Andreas Schmidt	30.0	0	30.0	0
Hubert Leypoldt	22.5	0	22.5	0
Andreas Karrer	15.0	0	15.0	0
Total amount	**67.5**	**0**	**67.5**	**0**

Management Board

The Management Board is the managing body of the Association. It conducts the business of the enterprise on its own responsibility, within the framework determined by corporate law. It is obligated to promote the interests of the Association and bound by the principles of business policy. It reports to the Supervisory Board in a regular, timely and comprehensive manner on all substantial matters of business development, enterprise strategy, and potential risks. The remuneration of Management Board members is comprised of fixed as well as performance-related components.

During the reporting year, the members of the Management Board received the following remuneration:

in EUR k	2013	2012
Kurt Bengel		
Fixed remuneration	245	245
Performance-based remuneration thereof relating to other periods: EUR 0 k (prior year: EUR 2 k)	125	121
Long-term incentive	127	121
Matthias Schmidt		
Fixed remuneration	194	0
Performance-based remuneration	101	0
Long-term incentive	118	0
Christian Pusch		
Fixed remuneration	141	248
Performance-based remuneration	73	121
Long-term incentive	0	16
Post-employment benefits	115	0
Total	**1,239**	**872**

For the Management Board member who left the Association during the business year, an amount of TEUR 22 has been reported as expenditures.

The remuneration system of the Management Board of CENIT AG comprises a short-term and a long-term component. The short-term component awarded during the subsequent year. The long-term component is awarded after three years, if and when other criteria are fulfilled. Additionally, the annual total remuneration is capped at EUR 500,000.00 EUR per Management Board member.

The employment contracts of Mr. Schmidt and Mr. Bengel include compensation payments in accordance with § 74 HGB for the duration of a one-year no-competition clause, as well as provisions for six months of continued remuneration for the benefit of surviving dependents in the event of death.

No further assurances as to pension benefits and payments in the event of the termination of Management Board membership have been made. Should the

Association prematurely terminate the employment contract without due cause, the Management Board member shall receive a severance payment not exceeding two annual payments of the contractually agreed fixed remuneration for the remainder of the employment contract. Under no circumstances shall the payment exceed the remuneration for the remainder of the employment contract.

Shares held by Management Board and Supervisory Board members

Share portfolios on December 31, 2013

Total number of shares: 8.367.758

Management Board:		**Supervisory Board:**	
Kurt Bengel:	6,000	Andreas Schmidt:	191,792
Matthias Schmidt:	1,670	Hubert Leypoldt:	1,600
		Andreas Karrer:	1,000

Share option program

Virtual share options: A limited group of employees has been invited to subscribe to "virtual share options". This constitutes a special form of performance-related remuneration which is linked to the performance of CENIT shares rather than to CENIT's annual business performance. The relevant group was awarded virtual subscription rights to 10,000 CENIT AG shares (total of 10,000; previous year 20,000) each, at a subscription price of EUR 5.50 per share. The option may be exercised only upon expiry of a lock-out period of three years from the date of issue, at an overall option term of 5 years with an average remaining term of 1.5 years. Furthermore, the option may be exercised only when the share price exceeds a threshold value of EUR 8.00.

Shareholders and general meeting

The shareholders of CENIT AG exercise their rights during the General Meeting of the Association. The annual meeting of shareholders takes place during the first six months of the business year and is chaired by the Chairman of the Management Board. The General Meeting decides on all matters assigned to it by law (including election of the members of the Supervisory Board, amendments to the Articles of Association, appropriation of profits, and capital measures).

All documents and information pertaining to the General Meeting are duly made available to the shareholders via the CENIT AG website.

Accounting and auditing

The Consolidated Financial Statement of CENIT Aktiengesellschaft, Stuttgart, is prepared by the Management Board in accordance with the International Financial Reporting Standards (IFRS) as they apply within the EU, and in compliance with the supplementary provisions of commercial law that apply pursuant to § 315a Para. 1 HGB. The Consolidated Financial Statement is audited by the statutory auditor and approved by the Supervisory Board. As required by law, the Consolidated Financial Statement is made publicly available within a period of 120 days upon adoption.

The statutory auditor is BDO Aktiengesellschaft Wirtschaftsprüfungsgesellschaft.

An agreement has been concluded with the statutory auditor to the effect that the Chairman of the Supervisory Board shall be immediately informed of any grounds for exclusion or exemption of, as well as any errors or omissions in, the Declaration of Conformity as may be discovered during the course of the audit. The statutory auditor shall also immediately inform the Supervisory Board of any and all matters and events relevant to the Board's duties as may arise during the course of the audit.

Transparent Corporate Governance

Comprehensive and timely reporting on the business situation and business results of CENIT AG is conducted by way of the Annual Report, the Quarterly Reports, and the Mid-Year Financial Statement. The respective dates of publication are published in the CENIT AG financial calendar at the beginning of each business year. The Articles of Association, presentations, press releases and ad-hoc reports are likewise made available. All reports and communications can be accessed on the Internet at www.cenit.com/ de_DE/investor-relations.html. CENIT AG has also prepared the prescribed insider directory. The affected individuals have been informed of their statutory duties and sanctions.

Development of CENIT shares on the financial market

Graphic: Share price development in 2013

Source: wallstreet online CENIT Aktiengesellschaft, Stuttgart

CENIT shares began the 2013 stock market year at a price of EUR 7.08 and ended the year at EUR 10.34. The 52 weeks of the year saw an average trading volume (XETRA) of 18,551 shares per day (2012: 21,688 shares per day). The annual average price of CENIT AG shares for 2013 was EUR 9.02, with an annual high of EUR 10.34 and an annual low of EUR 6.82. Over 4.6 million shares were traded in total. Due to the high free-float level, only rudimentary data on the shareholder structure can be determined. In terms of shareholder size and composition, this permits the following overview:

Distribution of shares by shareholder group on December 31, 2013

The following investors hold a share of stock subject to a reporting requirement:

Enterprises	Reported on	Number	Percent
PRODYNA	Dec 17,2010	440,000	5.26
Axxion	Aug 20, 2012	415,949	4.97
LBBW Asset Management	Nov 15, 2011	385,421	4.61
Invesco	Oct 1, 2013	296,353	3.54
Allianz Global Investors	Apr 1, 2011	289,713	3.46
Baden-Württembergische Versorgungsanstalt für Ärzte, Zahnärzte und Tierärzte	Aug 5, 2011	262,000	3.13

Source: CENIT AG, Stuttgart

Currently, four banking and analysis agencies publish research reports on CENIT, namely “buy” recommendations by Hauck & Aufhäuser, Hamburg, equinet Bank AG, Frankfurt, GBC AG, Augsburg, and Mirabaud Securities, London. CENIT stock is listed on the Prime Standard of Deutsche Börse and fulfills the applicable international transparency requirements.

Responsibility Statement in the Annual Financial Report

(Group Financial Report)

After considering comments received, the German Accounting Standards Board (GASB) agreed at its 114th meeting on the following wording of the responsibility statement required by section 37y no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 297(2) sentence 2 and 315(1) sentence 6 of the Handelsgesetzbuch (HGB – German Commercial Code) for the Group financial statements:

“To the best of our knowledge, and in accordance with the applicable reporting principles, the Group financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a

description of the principal opportunities and risks associated with the expected development of the group.”

For the sake of completeness, it should be noted that if an entity is obliged to prepare an annual financial report in accordance with section 37v(1) and (2) of the WpHG, it must also comply with the requirements of sections 264(2) sentence 3 and 289(1) sentence 5 of the HGB (single-entity financial statements).

The Management Board

Kurt Bengel
Spokesman of the Board

Matthias Schmidt
Member of the Board

Financial Statement AG

CENIT Aktiengesellschaft, Stuttgart
BALANCE SHEET as of 31 December 2013

		31 Dec. 2013	31 Dec. 2012
ASSETS		EUR	EUR
A. FIXED ASSETS			
I. Intangible assets			
1. Purchased franchises, industrial and similar rights and assets and licenses in such rights and assets	611,278.78		489,679.39
2. Payments on account	233,906.35		0
		845,185.13	**489,679.39**
II. Property, plant and equipment			
1. Land and buildings including buildings on third-party land	765,926.81		815,122.58
2. Plant and machinery	1,412,147.90		1,919,306.08
3. Other equipment, furniture and fixtures	131,418.46		144,380.40
		2,309,493.17	**2,878,809.06**
III. Financial assets			
1. Shares in affiliates	923,314.22		923,314.22
2. Equity investments	52,554.25		52,554.25
3. Securities classified as fixed assets	2,000,000.00		2,000,000.00
		2,975,868.47	**2,975,868.47**
B. CURRENT ASSETS			
I. Inventories			
1. Work in process	1,334,212.53		439,830.18
2. Merchandise	0.00		88,000.00
3. Payments on account	1,553.47		9,717.49
		1,335,766.00	**537,547.67**
II. Receivables and other assets			
1. Trade receivables	9,962,898.50		13,281,024.65
2. Receivables from affiliates	301,948.74		228,108.48
3. Receivables from other investees and investors	3,420,742.54		3,466,178.16
4. Other assets	1,154,724.78		565,032.67
		14,840,314.56	**17,540,343.96**
III. Cash on hand, bank balances and cheques		**20,359,819.25**	**19,802,190.04**
C. PREPAID EXPENSES			
Prepaid expenses		**4,760,870.34**	**3,880,026.48**
		47,427,316.92	**48,104,465.07**

CENIT Aktiengesellschaft, Stuttgart
BALANCE SHEET as of 31 December 2013

			31 Dec. 2013	31 Dec. 2012
EQUITY AND LIABILITIES		EUR	EUR	EUR
A.	**EQUITY**			
I.	**Subscribed capital**		8,367,758.00	8,367,758.00
II.	**Capital reserves**		1,058,017.90	1,058,017.90
III.	**Revenue reserves**			
	1. Legal reserve		418,387.90	418,387.90
	2. Other revenue reserves		15,870,955.48	13,970,955.48
IV.	**Net retained profit**		2,961,936.69	4,650,384.74
			28,677,055.97	**28,465,504.02**
B.	**PROVISIONS**			
	1. Tax provisions	347,877.35		1,341,237.08
	2. Other provisions	6,096,730.07		6,017,553.44
			6,444,607.42	**7,358,790.52**
C.	**LIABILITIES**			
	1. Payments received on account of orders	2,507,309.19		1,457,570.88
	2. Trade payables	2,918,924.27		3,650,164.83
	3. Liabilities to affiliates	147,352.58		259,235.30
	4. Liabilities to other investees and investors	37,571.39		20,105.00
	5. Other liabilities	1,741,173.00		2,104,414.17
	thereof for social security: EUR 0.00 (prior year: EUR 0 k)			
	thereof for taxes: EUR 1,395,222.96 (prior year: EUR 1,694 k)			
			7,352,330.43	**7,491,490.18**
D.	**DEFERRED INCOME**			
			4,953,323.10	**4,788,680.35**
			47,427,316.92	**48,104,465.07**

CENIT Aktiengesellschaft, Stuttgart
INCOME STATEMENT
for the period from 1 January to 31 December 2013

			2013	2012
		EUR	EUR	EUR
1.	Revenue	101,854,252.19		104,693,200.56
2.	Increase/decrease in inventories of unbilled services	894,382.35		-1,060,942.48
3.	Other operating income	1,565,911.53		1,125,416.35
	thereof income from currency translation: EUR 35,921.26 (prior year: EUR 88 k)			
4.	**Total operating performance**		**104,314,546.07**	**104,757,674.43**
5.	Cost of materials			
a.	Cost of raw materials, consumables and supplies and of merchandise	31,767,675.82		30,200,413.83
b.	Cost of purchased services	8,670,440.89		9,382,992.76
			40,438,116.71	39,583,406.59
6.	Personnel expenses			
a.	Salaries	34,845,045.55		35,000,365.49
b.	Social security and pension costs	5,981,327.52		6,035,065.49
			40,826,373.07	41,035,430.98
7.	Amortisation of intangible assets and depreciation of property, plant and equipment		1,365,043.22	1,427,788.92
8.	Other operating expenses		14,649,107.74	14,731,293.11
	thereof from currency translation: EUR 115,395.78 (prior year: EUR 98 k)			
9.	**Operating result**		**7,035,905.33**	**7,979,754.83**
10.	Income from equity investments		76,034.42	874,833.41
	thereof from affiliates: EUR 76,034.42 (prior year: EUR 875 k)			
11.	Income from other securities and loans classified as fixed financial assets		7,429.78	36,602.10
12.	Other interest and similar income		87,444.59	132,917.32
	thereof from affiliates: EUR 0.00 (prior year: EUR 16 k)			
13.	Interest and similar expenses		36,002.52	37,612.04
	thereof from unwinding of the discount on provisions: EUR 16,417.44 (prior year: EUR 21 k)			
14.	**Result from ordinary activities**		7,170,811.60	8,986,495.62
15.	Income taxes		2,298,874.49	2,681,628.72
16.	Other taxes		58,118.26	57,482.74
17.	**Net income for the year**		**4,813,818.85**	**6,247,384.16**

CENIT Aktiengesellschaft, Stuttgart
STATEMENT OF CHANGES IN FIXED ASSETS FOR 2013

	Acquisition and production cost				
in EUR	As of 1 Jan. 2013	Additions	Disposals	Reclassi-fication	As of 31 Dec. 2013
I. Intangible assets					
1. Franchises, industrial and similar rights and assets and licenses in such rights and assets	1,914,822.21	541,949.08	28,004.53	0.00	2,428,766.76
2. Payments on account	0.00	233,906.35	0.00	0.00	233,906.35
Total	**1,914,822.21**	**775,855.43**	**28,004.53**	**0.00**	**2,662,673.11**
II. Property, plant and equipment					
1. Land and buildings including buildings on third-party land	1,734,093.58	3,611.44	0.00	0.00	1,737,705.02
2. Plant and machinery	5,763,914.77	295,773.79	132,079.72	0.00	5,927,608.84
3. Other equipment, furniture and fixtures	596,907.46	114,104.42	62,881.59	0.00	648,130.28
Total	**8,094,915.81**	**413,489.65**	**194,961.31**	**0.00**	**8,313,444.14**
III. Financial assets					
1. Shares in affiliates	923,314.22	0.00	0.00	0.00	923,314.22
2. Equity investments	52,554.25	0.00	0.00	0.00	52,554.25
3. Securities classified as fixed assets	2,000,000.00	0.00	0.00	0.00	2,000,000.00
Total	**2,975,868.47**	**0.00**	**0.00**	**0.00**	**2,975,868.47**
Fixed assets - total -	**12,985,606.49**	**1,189,345.08**	**222,965.84**	**0.00**	**13,951,985.73**

Accumulated amortisation, depreciation and write-downs				Net book values	
As of 1 Jan. 2013	Additions	Disposals	As of 31 Dec. 2013	As of 31 Dec. 2013	As of 31 Dec. 2012
1,425,142.82	395,935.69	3,591.20	1,817,487.99	611,278.78	489,679.39
0.00	0.00	0.00	0.00	233,906.35	0.00
1,425,142.82	**395,935.69**	**3,591.20**	**1,817,487.99**	**845,185.13**	**489,679.39**
918,971.00	52,807.21	0.00	971,778.21	765,926.81	815,122.58
3,844,608.69	789,235.49	118,383.24	4,515,460.94	1,412,147.90	1,919,306.08
452,527.06	127,064.83	62,880.06	516,711.82	131,418.46	144,380.40
5,216,106.75	**969,107.53**	**181,263.30**	**6,003,950.97**	**2,309,493.17**	**2,878,809.06**
0.00	0.00	0.00	0.00	923,314.22	923,314.22
0.00	0.00	0.00	0.00	52,554.25	52,554.25
0.00	0.00	0.00	0.00	2,000,000.00	2,000,000.00
0.00	**0.00**	**0.00**	**0.00**	**2,975,868.47**	**2,975,868.47**
6,641,250.24	**1,365,043.22**	**184,854.50**	**7,821,438.96**	**6,130,546.77**	**6,344,356.92**

Notes to the Financial Statements for 2013

A. General

These financial statements have been prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB [“Handelsgesetzbuch”: German Commercial Code] as well as in accordance with the relevant provisions of the AktG [“Aktiengesetz”: German Stock Corporation Act]. The Company is subject to the requirements for large corporations. The standards of the German Accounting Standards Committee e.V., Berlin, (GASC) have been observed to the extent that they are relevant for the financial statements of the Company.

The income statement is classified using the nature of expense method.

B. Accounting principles

The following accounting and valuation methods, which essentially remained unchanged in comparison to the prior year, have been used to prepare the financial statements.

Acquired **intangible assets** are recognised at acquisition cost and are amortised over their useful lives using the straight-line method if they have a limited life. Additions are amortised pro rata temporis. The depreciation tables published by the German Ministry of Finance serve as a guide here.

Property, plant and equipment are recognised at acquisition or production cost and are depreciated if they have a limited life. Depreciation is recorded over the customary useful life using the straight-line method. The depreciation tables published by the German Ministry of Finance serve as a guide here.

Low-value assets with an individual net value not exceeding EUR 150 were fully expensed in the year of acquisition. Assets with an individual net value not exceeding EUR 410 in value are fully expensed in the year of acquisition with their immediate disposal being assumed. For convenience, the collective item procedure applied for tax purposes to assets acquired after 31 December 2007 and before 1 January 2010 with an individual net value of more than EUR 150 but no greater than EUR 1,000 is also used in the commercial balance sheet. The collective item is written down on a lump-sum basis over the customary useful life of three years.

Financial assets are recognised at the lower of cost or market.

Work in process is valued at production cost or, in the case of third-party work, at acquisition cost. Own work comprises direct labour and appropriate, proportionate overheads for administration, write-downs and rent.

Merchandise is recognised at the lower of cost or market as of the balance sheet date.

Receivables and other assets are stated at their nominal value. All identifiable specific risks are taken into account in the valuation. A general bad debt allowance of 1% (prior year: 1%) was established for the general credit risk. Non-interest bearing receivables due in more than one year are discounted.

Provisions account for all foreseeable risks and contingent liabilities and are recognised at the settlement value deemed necessary according to prudent business judgment. Expected future cost increases are included in valuing the provisions. Provisions with a residual term of more than one year were discounted at the average market interest rate of the last seven fiscal years for their respective residual term. The provision for general warranties is recorded in the reporting year at 0.5% (prior year: 0.5%) of sales. A provision of EUR 89 k was recognised in the fiscal year for individual cases of warranty (prior year: EUR 131 k).

Liabilities are recorded at the settlement value.

To determine **deferred taxes** arising due to temporary or quasi-permanent differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income in the statutory accounts and their tax carrying amounts, the resulting tax burden and relief are valued using the company-specific tax rate at the time the differences reverse; these amounts are not discounted. The option not to recognise deferred tax assets was exercised.

Foreign currency assets and liabilities were translated using the average spot rate on the balance sheet date. If they had residual terms of more than one year, the realisation principle (Sec. 252 (1) No. 4 Clause 2 HGB) and the historical cost principle (Sec. 253 (1) Sentence 1 HGB) were applied.

Revenue relates to the income recorded from normal business activities. Revenue is reported as a net figure, i.e. excluding VAT and less sales deductions. Revenue is recognised when the transfer of risk to the customer has taken place in the case of a delivery, or when the contractually owed performance has been provided in the case of services. The recognition of revenue from license transactions depends on whether a temporary or permanent right of use is granted. If license transactions are carried out that grant the licensee a temporary right of use, revenue is recognised on a straight-line basis over the performance period. If the licenses grant a permanent right of use, the once-off primary license charge (PLC) payable on a regular basis is reported on the date of obtaining control and the annual license charge (ALC) is reported as revenue pro rata temporis.

C. Notes to the balance sheet and income statement

I. Balance sheet

1. Fixed assets

The development of fixed asset items is presented separately in the statement of changes in fixed assets (page 4f.).

2. Financial assets

The information on shareholdings breaks down as follows:

No.	Name and location of registered offices	Currency	Share-holding in %	Subscribed capital LC k	Equity LC k	Earnings LC k
1	CENIT (Schweiz) AG Effretikon, Switzerland	CHF	100.0	500	3,118	982
2	CENIT NORTH AMERICA Inc. Auburn Hills, USA	USD	100.0	25	2,805	588
3	CENIT SRL Iasi, Romania	RON	100.0	344	1,612	1,070
4	CENIT FRANCE SARL Toulouse, France	EUR	100.0	10	235	34
5	CENIT Japan K.K. Tokyo, Japan	YEN	100.0	34,000	6,440	3,546
6	CenProCS AIRliance GmbH Stuttgart, Germany	EUR	33.3	150	153	0

3. Receivables and other assets

Trade receivables are all due in less than one year.

Receivables from affiliates valued at EUR 302 k (prior year: EUR 228 k) and **receivables from other investees and investors** valued at EUR 3,421 k (prior year: EUR 3,466 k) stem from trade and are due in less than one year.

Other assets primarily consist of EUR 927 k (prior year: EUR 461 k) of assets relating to tax refund claims. This includes EUR 583 k (prior year: EUR 40 k) in tax refund claims from corporate income tax, solidarity surcharge and trade tax as well as the credit balance of EUR 344 k (prior year: EUR 421 k) from the tax moratorium. EUR 250 k (prior year: EUR 328 k) of the credit balance from the moratorium is long term, with a residual term of more than one year. The credit balance from the moratorium came into existence as of 31 December 2006. It is not subject to interest and has thus been discounted by 4% to its present value. Payment is due between 2008 and 2017 in ten equal annual amounts. Other assets also include claims for damages of EUR 207 k. EUR 157 k of this figure is long term, with a residual term of more than one year.

4. Prepaid expenses

in EUR k	31 Dec. 2013	31 Dec. 2012
Accrued rights of use for licenses	4,071	3,434
Other prepaid expenses	690	446
Total	**4,761**	**3,880**

This mainly concerns prepaid expenses for licenses and for rights of use and insurance.

5. Deferred taxes

Deferred taxes stem chiefly from accounting and valuation differences between the statutory accounts and the tax accounts. These differences relate mostly to other provisions.

On the whole there are net deferred tax assets, and the option to capitalise these deferred tax assets was not exercised.

Deferred tax assets must be calculated based on a tax rate of 30% (prior year: 30%).

6. Equity

Capital stock

As per the most recent entry in the commercial register on 14 August 2006, the capital stock of the Company amounts to EUR 8,367,758.00 and has been fully paid in. It is divided into 8,367,758 no-par value shares of EUR 1.00 each. The shares are made out to the bearer and are all no-par value common shares.

Authorised capital

The management board is authorised, with the approval of the supervisory board, to increase the capital stock by up to EUR 4,183,879.00 in total by 25 May 2016 by issuing on one or more occasions new no-par value bearer shares in return for cash contributions or contributions in kind (authorised capital 2011). The number of shares must increase in direct proportion to the increase in capital stock. The shareholders must be given a subscription right. The new shares can also be assumed by one bank or by several banks with the obligation to offer them to the Company's shareholders for purchase.

However, the management board is authorised, with the approval of the supervisory board, to preclude the shareholders' statutory subscription right in the following cases:

a) The management board is authorised, with the approval of the supervisory board, to preclude any fractional shares from the shareholders' subscription right.

b) The management board is authorised, with the approval of the supervisory board, to preclude the shareholders' subscription right in the event of a capital increase in return for a contribution in kind if the contribution in kind is made with the purpose of acquiring companies, parts of companies and/or equity investments in companies or in the course of business combinations.

c) The management board is authorised, with the approval of the supervisory board, to preclude the shareholders' subscription right in the event of a capital increase in return for a cash contribution if the capital increases passed on the basis of this approval do not exceed a total of 10% of the existing capital stock as of the date of the resolution by the shareholder meeting or as of the date on which the approval is exercised, whichever is lower, and if the issue amount is not substantially less than the quoted market price. The maximum limit of 10% of the capital stock is reduced by the proportionate amount of the capital stock accounted for by those treasury shares of the Company that were sold during the term of the authorised capital with exclusion of the subscription right of the shareholders in accordance with Sec. 71 (1) No. 8 Sentence 5 AktG and Sec. 186 (3) Sentence 4 AktG.

The total number of shares issued based on this authorisation in return for cash contributions and contributions in kind with exclusion of the subscription right of the shareholders cannot exceed a proportionate amount of capital stock of EUR 1,673,551 (20% of current capital stock). The management board is authorised, subject to approval of the supervisory board, to decide on further details of the capital increase and the conditions of the share issue.

The supervisory board is authorised to adjust the version of Article 5 of the articles of incorporation and bylaws after partial or full implementation of the increase in capital stock in accordance with the respective utilisation of the authorised capital.

7. Capital reserves

The capital reserves remained unchanged in the fiscal year, at EUR 1,058 k.

8. Legal reserve

At EUR 418 k, the legal reserves have also remained unchanged in comparison to the prior year.

9. Other revenue reserves

Other revenue reserves rose by EUR 1,900 k from EUR 13,971 k in the prior year to EUR 15,871 k.

10. Net retained profit

Net retained profit developed as follows:

in EUR k	2013	2012
Net income for the year	**4,814**	**6,247**
Net retained earnings in the prior year	4,650	2,613
Dividend	-4,602	-2,510
Profit carryforward from the prior year	**48**	**103**
Transfer to other revenue reserves	-1,900	-1,700
Net retained profit	**2,962**	**4,650**

11. Provisions

Other provisions essentially comprise provisions for personnel expenses of EUR 3,452 k (prior year: EUR 3,803 k), provisions for warranties of EUR 599 k (prior year: EUR 654 k), provisions for outstanding supplier invoices of EUR 1,103 k (prior year: EUR 673 k) and provisions for long-service bonuses of EUR 365 k (prior year: EUR 318 k).

12. Liabilities

As in the prior year, **trade payables** have a remaining term of less than one year.

Liabilities to affiliates include trade payables of EUR 120 k (prior year: EUR 190 k). They also include prepayments received amounting to EUR 65 k (prior year: EUR 69 k). As in the prior year, liabilities to affiliates are due within one year.

The **liabilities to other investees and investors** contain trade payables amounting to EUR 38 k (prior year: EUR 0 k). They also include liabilities from prepayments received amounting to EUR 0 k as of the balance sheet date (prior year: EUR 20 k). As in the prior year, the corresponding liabilities are due within one year.

Other liabilities include deferred items of EUR 239 k (prior year: EUR 277 k). This entire figure relates to the deferred rent (prior year: EUR 277 k).

EUR 1,541 k (prior year: EUR 1,862 k) of other liabilities is due within one year, while EUR 73 k (prior year: EUR 101 k) is due in more than five years. The long-term portion stems from the deferral of rent.

II. Income statement

1. Revenue

in EUR k	2013	2012
CENIT software	11,172	10,822
Third-party software	41,346	39,929
CENIT consulting and service	49,085	53,297
Merchandise	251	645
Total	**101,854**	**104,693**

90% (prior year: 90%) of sales was generated in Germany, 4% (prior year: 4%) in other EU countries and 6% (prior year: 6%) in other countries.

2. Other operating income

Among other things, other operating income includes income from cross-charged salary and administrative costs of EUR 594 k (prior year: EUR 530 k), insurance refunds of EUR 11 k (prior year: EUR 7 k), rental income from subletting of EUR 32 k (prior year: EUR 17 k), income from the reversal of provisions of EUR 411 k (prior year: EUR 259 k), marketing and sales subsidies from partner companies of EUR 83 k (prior year: EUR 77 k) and exchange gains of EUR 36 k (prior year: EUR 88 k).

3. Personnel expenses

in EUR k	2013	2012
Salaries	34,845	35,000
Social security contributions	5,981	6,035
Total	**40,826**	**41,035**

Social security contributions include pension costs of EUR 171 k (prior year: EUR 37 k).

4. Other operating expenses

At EUR 14,649 k, total other operating expenses are down marginally compared to the prior year (EUR 14,731 k). Other operating expenses essentially relate to premises expenses of EUR 2,533 k (prior year: EUR 2,561 k), vehicle costs of EUR 2,562 k (prior year: EUR 2,662 k), travel expenses of EUR 1,926 k (prior year: EUR 1,933 k), marketing costs of EUR 981 k (prior year: EUR 1,282 k) and exchange losses of EUR 115 k (prior year: EUR 98 k).

5. Financial and interest result

The financial and interest result breaks down as follows:

in EUR k	2013	2012
Income from equity investments		
Dividend CENIT NORTH AMERICA	0	775
Dividend CENIT SRL Romania	76	100
Total	**76**	**875**

in EUR k	2013	2012
Income from other long-term investments		
Interest income	7	37
Total	**7**	**37**

in EUR k	2013	2012
Other interest and similar income		
Bank interest and interest from securities	71	98
Interest on loans granted to subsidiaries	0	16
Income from the tax moratorium	16	19
Total	**87**	**133**

in EUR k	2013	2012
Interest and similar expenses		
Guarantee commission	12	10
Interest expenses for company taxes	8	7
Interest expense from unwinding the discount on provisions	16	21
Total	**36**	**38**

6. Income / expenses relating to other periods

Income relating to other periods includes income from the reversal of provisions totalling EUR 411 k (prior year: EUR 259 k) and the capitalisation of rights of recourse totalling EUR 254 k. Expenses of EUR 26 k relating to other periods are personnel related (prior year: EUR 100 k), while a figure of EUR 28 k is connected with the subsequent payment for operating costs in other operating expenses.

7. Extraordinary expenses

There were no extraordinary expenses in the fiscal year 2013.

8. Income taxes

in EUR k	2013	2012
Current corporate income tax expense	958	1,224
Current solidarity surcharge expense	55	68
Current trade tax expense	1,038	1,340
Withholding tax	0	38
Taxes in prior years	248	12
Total	**2,299**	**2,682**

Taxes mainly include corporate income tax and the solidarity surcharge of EUR 1,013 k (prior year: EUR 1,292 k) as well as trade tax of EUR 1,038 k (prior year: EUR 1,340 k) on the taxable income for the fiscal year 2013.

9. Proposal for the appropriation of profit

The following appropriation of retained earnings will be proposed at the shareholder meeting:

in EUR k	
Net retained profit	2,962
Dividend distribution (35 cents per 8,367,758 participating no-par value shares)	2,929
Profit carryforward	**33**

10. Audit and advisory fees of the auditor

The information on auditors' fees pursuant to Sec. 285 No. 17 HGB is provided in the consolidated financial statements of CENIT AG.

D. Other notes

1. Personnel

An average of 571 (prior year: 578) members of staff were employed during the fiscal year, plus 50 (prior year: 41) trainees.

2. Contingent liabilities and other financial obligations

There are other financial obligations in connection with rental agreements and leases. The resulting financial obligations are included in the following table:

in EUR k	2013	2012
Rent and lease obligations		
Due within 1 year	2,932	3,104
Due in 1 to 5 years	5,728	6,321
Due in more than 5 years	2,928	3,969
Total	**11,588**	**13,394**

Other financial obligations chiefly comprise the rent agreements entered into for leased office buildings of EUR 9,375 k (prior year: EUR 10,783 k) as well as vehicle leases of EUR 1,605 k (prior year: EUR 1,864 k). The extension options and price adjustment clauses customary for the industry apply.

The company cars and communications equipment were leased by means of lease agreements in order to guarantee that these are always up to date and to avoid tying up liquidity. Renting office space also avoids tying up cash and cash equivalents. These agreements result in cash outflows in future periods that are included in the above list.

3. Corporate boards

During the fiscal year the following persons were **members of the management board**:

Dipl.-Ing. Kurt Bengel, Waiblingen, spokesman of the management board of CENIT AG. Responsible for: operations, investor relations and marketing.

Dipl.-Wirt.-Ing. Christian Pusch, Waldachtal, member of the management board of CENIT AG until 31 January 2013.
Responsible for: finance, organisation, personnel and marketing.

Dipl.-Wirt.-Inf. Matthias Schmidt, Bad Liebenzell, member of the management board since 1 February 2013.
Responsible for: finance, organisation and personnel.

The following members make up the **supervisory board**:

- Dipl.-Ing. Andreas Schmidt (independent management consultant), Ahrensburg, chairman
- Dipl.-Kfm. Hubert Leypoldt (independent German public auditor, tax advisor, legal counsel), Dettingen/Erms, deputy chairman
- Dipl.-Ing. Andreas Karrer, Leinfelden-Echterdingen, employee representative

The members of the supervisory board do not belong to any other supervisory boards.

In the reporting period, the remuneration of the management board members was as follows:

in EUR k	2013	2012
Kurt Bengel		
Fixed remuneration	245	245
Performance-based remuneration thereof relating to other periods: EUR 0 k (prior year: EUR 2 k)	125	121
Long-term incentive	127	121
Matthias Schmidt		
Fixed remuneration	194	0
Performance-based remuneration	101	0
Long-term incentive	118	0
Christian Pusch		
Fixed remuneration	141	248
Performance-based remuneration	73	121
Long-term incentive	0	16
Post-employment benefits	115	0
Total	**1,239**	**872**

For the Management Board member who left the Association during the business year, an amount of TEUR 22 has been reported as expenditures.

The employment contracts of Mr. Schmidt and Mr. Bengel provide for compensation payments pursuant to Sec. 74 HGB for the term of a one-year ban on competition and full remuneration paid to the surviving dependants of deceased management board members for a six-month period.

No further pension obligations or benefits were promised in the event of termination of service.

In accordance with Article 14 of the articles of incorporation and bylaws, the amounts paid to the supervisory board were as follows in 2013:

in EUR k	2013	2013	2012	2012
	Fixed	Performance-based	Fixed	Performance-based
Andreas Schmidt	30.0	0	30.0	0
Hubert Leypoldt	22.5	0	22.5	0
Andreas Karrer	15.0	0	15.0	0
Total amount	**67.5**	**0**	**67.5**	**0**

The D&O insurance was continued in 2013 for management board members, supervisory board members as well as other executives. The premiums of EUR 23 k (prior year: EUR 23 k) were borne by the Company.

The management board held 7,670 shares as of the balance sheet date (0.09%). The supervisory board members held 194,392 shares, i.e. 2.32% of the Company's capital stock.

4. Changes at shareholder level

On 25 February 2013, the Company received notification in accordance with Sec. 21 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] from Axxion S.A.:

Axxion S.A., Munsbach, Luxembourg, informed us on 25 February 2013 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% of voting rights on 19 February 2013 and amounted to 2.93% on that date (corresponding to 245,949 voting rights).

In a letter dated 1 October 2013, Invesco Advisers Group announced that its share of voting rights in CENIT exceeded the threshold of 3%.

Invesco Limited, Hamilton, Bermuda, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to Invesco Limited pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

Invesco Holding Company Limited, London, United Kingdom, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to Invesco Holding Company Limited pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

IVZ Incorporated, Atlanta, Georgia, USA, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to IVZ Incorporated pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

Invesco Group Services Inc., Atlanta, Georgia, USA, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to Invesco Group Services Inc. pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

IVZ UK Limited, London, United Kingdom, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to IVZ UK Limited pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

Invesco Management Group Inc., Atlanta, Georgia, USA, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to Invesco Management Group Inc. pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

Invesco North American Holdings Inc., Atlanta, Georgia, USA, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to Invesco North American Holdings Inc. pursuant to Sec. 22 (1), Sentence 1, No. 6 in conjunction with Sentence 2 WpHG.

Invesco Advisers Incorporated, Atlanta, Georgia, USA, informed us pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, exceeded the threshold of 3% of voting rights on 19 September 2013 and amounted to 3.541% on that date (corresponding to 296,353 voting rights). Of that figure, 3.541% of the voting rights (corresponding to 296,353 voting rights) are allocable to Invesco Advisers Incorporated pursuant to Sec. 22 (1), Sentence 1, No. 6 WpHG.

On 8 November 2013, the Company received notification in accordance with Sec. 21 (1) WpHG from Universal-Investment-Gesellschaft mbH:

Universal-Investment-Gesellschaft mbH, Frankfurt am Main, Germany, informed us on 8 November 2013 pursuant to Sec. 21 (1) WpHG that its share of voting rights in CENIT AG, Stuttgart, Germany, fell below the threshold of 3% of voting rights on 5 November 2013 and amounted to 2.99% on that date (corresponding to 249,824 voting rights). 2.13% of the voting rights (corresponding to 177,857 voting rights) are allocable to the company pursuant to Sec. 22 (1), Sentence 1, No. 6 WpHG.

E. Group relationships

In compliance with Sec. 315a (1) HGB, the Company prepares consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

F. Declaration pursuant to Sec. 161 AktG on the German Corporate Governance Code

The management board and supervisory board of the Company have issued the declaration for 2013 required by Sec. 161 AktG and made it available on the Company’s homepage (www.cenit.de).

Stuttgart, 28 February 2014

CENIT Aktiengesellschaft

The Management Board

Kurt Bengel
(Spokesman of the Board)

Matthias Schmidt
(Member of the Board)

Audit Opinion

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the CENIT-group and the company of CENIT Aktiengesellschaft, Stuttgart, for the fiscal year from January 1 to December 31, 2013. The maintenance of the books and records and the preparation of the annual financial statements and the management report of the CENIT-group and the company in accordance with German commercial law and supplementary provisions of the articles of incorporation and bylaw are the responsibility of the company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report of the CENIT-group and the company based on our audit.

We conducted our audit of the annual financial statements in accordance with sec. 317 HGB ["Handelsgesetzbuch": "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report of the CENIT-group and the company are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report of the CENIT-group and the company are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and the management report of the CENIT-group and the company. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions in the articles of incorporation and bylaws and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting. The management report of the CENIT-group and the company is consistent with the annual financial statements and as a whole provides a suitable view of the company's position and suitably presents the opportunities and risks of future development.

Stuttgart, March 5, 2014

BDO AG
Wirtschaftsprüfungsgesellschaft

gez. Andreas Müller
Wirtschaftsprüfer
(German Public Auditor)

gez. ppa. Martin Helmich
Wirtschaftsprüfer
(German Public Auditor)

Responsibility Statement in the Annual Financial Report

(Financial Report)

After considering comments received, the German Accounting Standards Board (GASB) agreed at its 114th meeting on the following wording of the responsibility statement required by section 37y no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 297(2) sentence 2 and 315(1) sentence 6 of the Handelsgesetzbuch (HGB – German Commercial Code) for the financial statements:

“To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the corporation, and the management report includes a fair review of the development and performance of the business and the position of the corporation, together with a

description of the principal opportunities and risks associated with the expected development of the corporation.”

For the sake of completeness, it should be noted that if an entity is obliged to prepare an annual financial report in accordance with section 37v(1) and (2) of the WpHG, it must also comply with the requirements of sections 264(2) sentence 3 and 289(1) sentence 5 of the HGB (single-entity financial statements).

The Management Board

Kurt Bengel
Spokesman of the Board

Matthias Schmidt
Member of the Board

GLOSSARY

AMS	Abbreviation for Application Management Services Application Management Services is a variant of outsourcing in which the license and infrastructure remain with user, while the service provider performs services such as development, implementation, support, or migration of the application. These services are provided on the basis of detailed Service Level Agreements (SLAs). Outtasking extends this definition to infrastructure- and/or application-related tasks.
BI	Abbreviation for Business Intelligence Business intelligence denotes procedures and processes aimed at a systematic analysis (collation, evaluation and presentation) of data electronic form.
BOA	Abbreviation for Business Optimization & Analytics The objective of BOA is to provide simple and efficient means of acquiring information that enables an enterprise to make better strategic and operative decisions. From this information, constructive proposals for improved structures, control mechanisms as well as processes, systems and instruments can be derived.
CAD	Abbreviation for Computer-Aided Design Software solutions for product design.
CAE	Abbreviation for Computer-Aided Engineering Software solutions for simulating the physical behavior of a future product.
CAM	Abbreviation for Computer-Aided Manufacturing Software solutions for defining manufacturing processes.
CATIA	PLM solution by Dassault Systèmes With the aid of CATIA, users can manage the entire range of industrial design processes, from marketing and the original concept to product design, analysis and assembly, and finally to maintenance.
Collaborative workspace	Networked working environment in which all parties involved in the product lifecycle (construction, marketing, sales, manufacturing, OEMs, suppliers, and customers) have access to the work in progress and can participate in construction.
CRM	Abbreviation for Customer Relationship Management A business strategy which assists enterprises in managing customer relations. Thus a CRM database permits access to

	individual customer data and allows enterprises to satisfy customer requirements via product plans and product offers, react to special service requirements, and obtain information on previous acquisitions by the customer.
DELMIA	PLM solution by Dassault Systèmes
	DELMIA offers manufacturers the means to digitally plan, develop, monitor and control manufacturing and service processes.
Digital factory	Three-dimensional graphic simulation of a factory by way of digitally integrated systems (e.g. DELMIA)
Digital manufacturing	Planning and simulation of manufacturing processes via networking of digitally integrated systems (e.g. DELMIA). Developed for purposes of optimizing production costs, ergonomics, assembly line arrangement, productivity, and scheduling.
DMF	Abbreviation for Digital Manufacturing
DMU	Abbreviation for Digital Mock-Up
	Virtual design and 3D simulation of a product and all of its component parts. The use of digital/virtual mock-ups eliminates the need for costly actual prototypes.
ECM	Abbreviation for Enterprise Content Management
	ECM permits an enterprise to not only store all relevant information, but to also manage and reuse it. This reduces down-times and simultaneously increases the quality of products and services.
EIM	Abbreviation for Enterprise Information Management
	EIM extends to all solutions and consulting services that generate structured and unstructured data, both within the enterprise and externally. EIM ensures high availability and security of data and optimizes the exchange of data between users.
	EIM is a holistic data management concept that ensures a consistent, transparent and reliable information structure.
	It encompasses all current and previous solutions and consulting services related to Enterprise Content Management, Groupware, Infrastructure Management und Application Management Outsourcing, Systems Management, Hotline Service, and remote maintenance of hard- and software.
ENOVIA	PLM solution portfolio by Dassault Systèmes
	ENOVIA supports cooperative enterprise-wide product development – in the true sense of holistic product lifecycle management (PLM).

ERP	Abbreviation for Enterprise Resource Planning A business strategy which supports enterprises in managing their core business fields: acquisitions, inventory, suppliers, customer service, and order tracking. ERP can also be used in financial and staff administration. An ERP system is usually based on a series of software modules linked to a relational database.
Expanded enterprise	A term used to describe all of the participants in product development. In addition to the individuals who are normally part of an enterprise (staff, managers, board), an expanded enterprise also includes business partners, suppliers, manufacturers (OEMs), and customers. To ensure that the expanded enterprise operates efficiently, participants must be able to exchange product data between one another and work on the data jointly.
Knowledgeware	Tools which support an enterprise by facilitating the gathering, exchange and reuse of knowledge. By way of a consistent reuse of valuable, already available information, enterprises can optimize Product Lifecycle Management and facilitate automated construction.
NC	Abbreviation for Numerical Control Control of machinery or processes via numerical control commands.
PDM	Abbreviation for Product Data Management A concept developed to store and manage product-defining and product presentation data and documents generated during product development, and to make these available in later phases of the product lifecycle.
PLM	Abbreviation for Product Lifecycle Management A business strategy which assists enterprises in exchanging product data, applying uniform processes, and making use of the enterprise's product development knowledge, from initial concept to final redundancy, across the entire expanded enterprise. Thanks to the integration of all involved parties (enterprise divisions, business partners, suppliers, OEMs and customers), PLM offers the entire network the means to operate as a single entity and to jointly conceive, develop, build and service products.
SCM	Abbreviation for Supply Chain Management A business strategy which assists enterprises in coordinating the flow of commodities, information and funds between the individual enterprises in a value chain.
SLA	Abbreviation for Service Level Agreement SLAs define the qualitative and quantitative customer-

specific objectives in the field of AMO, with the aim of achieving long-term, successful cooperation.

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